Austria Sch22	Indonesia Rp3100	Portugal Esc120
Bahrain Din0.650	Israel NIS3.50	S.Arabia Rls7.00
Belgium BFr48	Italy L1700	Singapore S$4.10
Canada C$1.00	Japan Y600	Spain Pta145
Cyprus C£0.90	Jordan Fils500	Sri Lanka Rup30
Denmark DKr10.00	Kuwait Fils500	Sweden SKr9.00
Egypt E£2.25	Lebanon $L125.00	Switz SFr2.30
Finland Fmk7.00	Lux LFr48	Taiwan NT$65
France FFr6.50	Malaysia Rm4.25	Thailand Bt50
Germany DM2.30	Mexico Pes900	Tunisia Din0.800
Greece Dr120	Morocco Dh6.00	Turkey L600
Hong Kong HK$12	Neth Fl3.00	UAE Dh6.50
Iceland Ikr125	Norway Nkr10.00	USA $1.00
India Rup15	Philippine Pesos40	

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,652 Tuesday September 27 1988 D 8523 A

FRENCH CHARM

Bérégovoy picks the pragmatic path

Page 4

World News

Polish party puts forward radical ideas for reform

Poland's Democratic Party, a legal political group which is broadly subordinate to the ruling Communists, has put forward proposals for far-reaching political reforms including the possibility of opposition representation in Parliament and government. Poland's Communist Party leaders named Politburo member Mieczyslaw Rakowski as their candidate for prime minister. Pages 2 and 26

US lowers profile

The US is to lower its profile in escorting US-flagged shipping in the Persian Gulf following the ceasefire between Iran and Iraq. Page 6

Kabul rocket attack

Sixteen people were killed and 27 wounded in shelling of the Afghan capital. Soviet sources said rebels had captured 16 districts and Bamyan province in the Hindu Kush.

US urges CFC ban

US Environmental Protection Agency called for a global ban on the use of ozone-depleting chlorofluorocarbons (CFCs) and halons.

Politburo resignation

Slovenian Franc Setinc resigned from the Politburo of the Yugoslav Communist Party, saying that Serbian ethnic agitation was pushing the nation to disaster. Page 2

Angola talks resume

South Africa, Angola and Cuba began a seventh round of US-sponsored peace talks in Brazzaville aimed at beating a November 1 deadline for a UN independence plan for Namibia. Page 6

Soviet troops pull-out

Most Soviet troops sent to the Armenian capital of Yerevan after fresh ethnic tension were pulled out over the weekend.

Burma party renamed

Burma's ruling Socialist Programme Party changed its name to National Unity Party in advance of elections to be held at an undecided future date. Page 6

Ozal to stay

Turkish Prime Minister Turgut Ozal is to stay in office despite a "yes" vote of only 35 per cent in Sunday's referendum. Page 3

Palestinians killed

Israeli forces shot dead three Palestinians and wounded at least 68 in clashes during a general strike in the occupied territories. Page 26

Johnson fails test

Olympic 100 metres gold medallist Ben Johnson of Canada failed a drug test, Gustavo Tuccine, official of the International Olympic Committee's medical commission said, and may be disqualified.

Business Summary

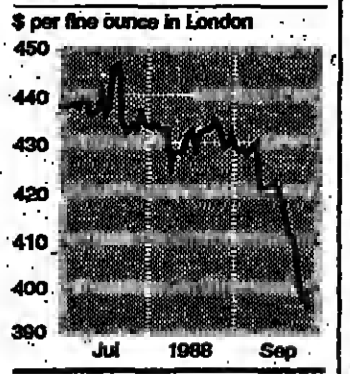
Tate & Lyle acquires US sugar processor

TATE & Lyle, diversified UK sugar group, is to pay $305m (£183m) for Amstar Sugar, the leading cane refiner in the US. The acquisition will make Tate the largest US sugar processor and one of the leading producers of all sweeteners. Page 27

GOLD dropped to $389.05 a troy ounce in early trading, its lowest level since December, 1986. By the close the price had edged back to $395¾ an ounce, down $2¾ from Friday. Dealers said there was heavy early selling from Switzerland, but the market later stabilised as rumours spread that an unidentified leading central bank was buying bullion. Page 50

Gold Price

$ per fine ounce in London



CHINA confirmed that its economic reform policy has been put on hold in response to high inflation and growing economic chaos and corruption. Page 26

OPEC'S five-member ministerial pricing committee, meeting in Spain, decided to hold further talks, involving Iran, Iraq and Kuwait, to discuss sliding prices and disputed production quotas. Page 26

AMERICAN Barrick Resources, North American gold mining group, said it had not committed its potentially crucial shareholding in Consolidated Gold Fields to Minorco, the South African-controlled investment company which last week launched a contested bid for the UK mining and industrial concern. Page 27

COMMERZBANK, West Germany's third-largest bank, remains committed to its strategy of seeking cross-shareholdings with other leading European partner banks, despite the doubts now cast over its planned link with Crédit Lyonnais of France. Page 30

KROGER, US supermarket chain, has identified assets worth about $33bn after tax to be sold to help fight unsolicited takeover offers by Kohlberg Kravis and Roberts, and the Haft family's Dart Group. Page 26

BELL Canada International of Ottawa won a C$212m (£104.4m) contract to supply equipment for the first stage in the modernisation of Morocco's telecommunications. Page 9

COFFEE prices rose sharply in London as the market continued to take an optimistic view of the outcome of the International Coffee Organisation talks, which entered their second week. Page 50

Dukakis hopes TV performance will give him edge

By Stewart Fleming, US Editor, in Winston-Salem, North Carolina

GOVERNOR Michael Dukakis, the Democratic candidate for president, is hoping that his performance in Sunday's televised debate with Vice-President George Bush will allow him to regain the political initiative as the election campaign enters a decisive phase.

"We have laid a foundation for the final six weeks," Ms Susan Estrich, the Dukakis campaign manager, said yesterday before Mr Dukakis left North Carolina to campaign in Ohio and New Jersey.

Both are north-eastern states in which he is being hard pressed by Mr Bush and which he must win to have any chance of victory in November.

Ms Estrich and Mr James Baker, the Bush campaign chairman, were both quick to claim victory yesterday in the 90-minute debate, which was marked by acrimonious exchanges.

"We were very, very pleased with the Vice-President's performance. He drew a sharp contrast while coming across as warm (and) likeable," Mr Baker said.

Political analysts concluded that neither Democratic nor Republican candidate had scored a blow which would give a decisive edge in the final six weeks of the campaign.

Some analysts concluded that by demonstrating that he could match the vice-president, Mr Dukakis had made the most of a rare opportunity to present himself to a television audience, estimated at more than 100m.

Some early polling, by ABC News for example, indicated that Mr Dukakis may have had the edge in the debate, but in a Newsweek poll voters called the debate a tie.

"We were very pleased with the way the debate went," Ms Estrich remarked saying that Mr Dukakis had demonstrated he was a strong leader, who wanted to act on such issues as health care reform, education and housing, which are of concern to "middle America."

The debate and the comments of campaign officials afterwards clearly indicated that the two candidates are approaching the final stages of the election very differently.

Mr Dukakis denounced the Reagan/Bush Administration's record on such foreign policy issues as the Iran/Contra affair and questioned Mr Bush's judgment. But he put most of the emphasis on the need for social reforms.

He has also decided that his best option is to put forward specific proposals, and feed the mounting criticism of Mr Bush for not so doing.

The Bush campaign is continuing to try to make Mr Dukakis and his views the main issue of the campaign, stressing "values" rather than practical proposals. At the same time, it points to the Reagan Administration's record in foreign affairs and the protracted economic expansion as reasons for voting for more of the same.

Central banks move to head off dollar rise against D-Mark

By Philip Stephens and David Marsh in Berlin

CENTRAL BANKS in Europe and the US yesterday moved to underscore their commitment to exchange rate stability with a bout of concerted intervention aimed at heading off a rise in the dollar against the D-Mark.

The intervention came as foreign exchange markets interpreted the loose wording on exchange rate stability in the weekend communiqué of the Group of Seven nations as a signal to push the US currency higher.

At one stage before the intervention the dollar was trading as high as DM1.8890, but it weakend slightly after the concerted move by central banks and closed in London at DM1.8890, against DM1.8750 on Friday.

Officials attending this week's annual meeting of the International Monetary Fund said that the dollar sales – which involved some 10 central banks and was led by the Bundesbank and the US Federal Reserve – were in the "low hundreds of millions of dollars". One said it amounted to just below $300m.

The dollar began rising as soon as trading opened yesterday after the decision of the Group of Seven industrialised nations to endorse the present pattern of exchange rates. The vague wording of the Group'a communiqué dropped previous references to a commitment to prevent a "destabilising" rise in the dollar's value.

The trigger for intervention, however, was the markets' reaction to comments by a senior West German official who suggested that the group was relaxed about the dollar's initial rise in early trading yesterday.

The remarks, by Mr Hans Teitmeyer, West Germany's State Secretary for Finance, caused considerable irritation among several other delegations, including the US. A senior US Treasury official was seen hurrying to the West German delegation offices after the comments appeared on news agencies.

As the dollar's rise began to accelerate, the intervention was agreed in hurried consultations among central bankers. The G7 continued yesterday to paint a public picture of unanimity on exchange rates but differences of emphasis emerged in their private comments.

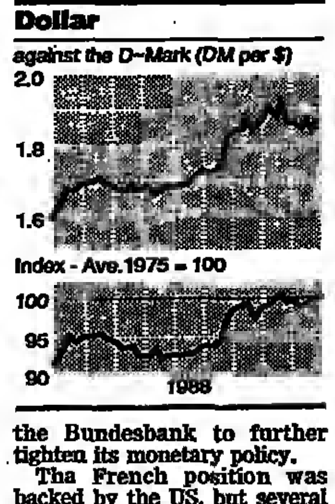
While France appears content with the dollar's recent strength because of the stability it brings to the European Monetary System, West Germany's Bundesbank seems far less relaxed.

Mr Karl Otto Poehl, the Bundesbank president, said yesterday that West German monetary policy would be directed against a further depreciation of the DMark. Mr Pierre Bérégovoy, French Finance Minister reaffirmed his Government's intention of resisting any bout of pressure against the franc in the EMS. "We exclude any realignment," he said.

It emerged yesterday that France had insisted that references in the G7 communiqué to the risks of resurgence of inflation be toned down. The Paris Government was concerned that there should not be any statement which could have been interpreted as allowing the Bundesbank to further tighten its monetary policy.

Dollar

against the D-Mark (DM per $)



Tha French position was backed by the US, but several other countries, including Britain, were said to have been more concerned. Yesterday Mr Bérégovoy also voiced some of the worries over continuing international trade imbalances which surfaced during the G7 and interim committee meetings at the weekend.

Because the new Administration in Washington would have to take steps next year to reduce the American budget deficit, US domestic demand growth would probably be cut back. This would require the countries running current account surpluses – primarily Japan and West Germany – to "play their role" in spurring their own economies, he said.

Mr Nicholas Brady, the newly-appointed US Treasury Secretary, has assured his European and Japanese counterparts this week that if

Continued on Page 26

Background, Page 4

Alsthom seeking stake in MAN energy company

By Paul Betts in Paris

ALSTHOM, the French heavy engineering group controlled by the privatised Compagnie Générale d'Electricité (CGE), is acquiring a 45 per cent stake in the energy snbsidiary of MAN, the West German engineering group.

The agreement is expected to help Alsthom gain entry to the West German energy market. It is seen as particularly significant as the first time a French group has bought a large stake in a big German capital equipment maker.

The deal, which depends on approval from West Germany's federal cartel office, is part of a hroad rationalisation taking place in the European engineering and power industries.

Bigger groups have tried to strengthen their competitive positions by forging closer ties or merging parts of their groups with other European and international partners.

MAN and Alsthom have already co-operated for several years in the steam turbine and power plant equipment field. But Alsthom's acquisition of a 45 per cent stake in MAN Energie will reinforce the industrial and commercial links between the two groups.

The French group said yesterday that the deal was both "logical and necessary," particularly in the context of the single European market of 1992.

Alsthom did not disclose the cost of the transaction. It said that the MAN energy operations had an annual turnover of DM350m ($186.1m) and employed about 800 people at Nuremberg.

MAN has a 15 per cent share of the German steam turbine market dominated hy the Asea-Brown Boveri (ABB) group and the KWU subsidiary of Siemens.

Tbe association with Alsthom, the steam turbine husinesses of which generate annual sales of nearly FFr3bn ($468.75m), is expected to reinforce MAN's and Alsthom's operations in this fiercely competitive sector.

The deal with MAN is the latest in a series of alliances this year which Alsthom has made to improve its competitiveness, especially in the wake of the ABB merger last year.

Among Alsthom's recent deals was the acquisition of a majority stake in the railway and energy generating activities of Belgium's Ateliers de Construction Eléctromécanique de Charleroi (ACEC) as well as the purchase of electrical businesses from Schlumberger Industries, the Franco-American oil services group.

Alsthom also agreed this year to shed control of its SEMT Pielstick diesel engine subsidiary to MAN and MTU Friedrichshafen as part of its general rationalisation.

Alsthom now intends to acquire Maquinista and Ateinsa, two engineering subsidiaries of the Spanish INI state group. The deal hinges, however, on Alsthom winning a big order to supply high speed trains for the renewal of the Spanish railway network.

Alsthom is in fierce competition with German and Japanese manufacturers for the Spanish order.

Alsthom has reported an 8.7 per cent rise in first-half consolidated net profits to FFr220m from FFr202m in the first half of last year. Sales rose hy 8.2 per cent to FFr12.3bn in the first half.

Australian business still stars in London's theatreland

By Ray Bashford and Alice Rawsthorn in London

MORE than a dozen of London's most famous theatres – from the Palladium to the Theatre Royal, Drury Lane – and Bermans & Nathans, the celebrated theatrical costumier, have been sold by Mr Alan Bond, the new owner of Mr Robert Holmes à Court's Bell Group, to Charmead, an Australian investment group.

Lord "Lew" Grade, the legendary figure in British show business who once owned the theatres before Associated Communications Corporation, his entertainment empire, was taken over by Mr Holmes à Court, attempted to buy them back. The Bond Corporation was committed, however, to a prior agreement between Mr Holmes à Court and Charmead.

Charmead, registered in Brisbane, is believed to be associated with Mr Christopher Skase, one of Australia's new breed of young entrepreneurs. Charmead has bought the theatres and Bermans for an undisclosed sum "in excess" of their book value of £25m ($41.7m).

The theatres were bought by Lord Grade during his days at the helm of ACC. ACC's fortunes finally foundered after it lost millions on "Raise the Titanic," one of the most famous flops in film history.

Bell was scuppered hy the impact of the stock market crash on Mr Holmes à Court's exploits on the world markets. Bell has since been taken over hy Bond.

Mr Holmes à Court signed an option for Charmead to buy the London theatres in July. The terms of the agreement did, however, provoke a protracted wrangle – "a medieval joust," as one observer put it – between Mr Holmes à Court and Mr Bond.

Charmead is thought to be linked to Mr Skase, a former journalist, who controls large leisure developments in Australia. In April he acquired two Australian television stations from Bell.

Lord Grade confirmed yesterday that he had hoped to recover his lost theatres. After his advances were spurned, he discovered that another member of the Grade dynasty – his brother, Bernard, Lord Delfont – had also considered making a bid.

"I had no idea he was interested," he said. "We talk almost every day, but about personal things."

Reagan uses UN farewell to urge ban on chemical weapons

By Lionel Barber in New York

US PRESIDENT Ronald Reagan yesterday used the forum of the United Nations to call for a global ban on chemical weapons.

At the opening of the UN General Assembly in New York, Mr Reagan spoke of the horror of the Iran-Iraq war, where chemical weapons have been used, and he called for an international conference to enforce the 1925 Geneva Protocol outlawing such weapons.

President Reagan's spokesman, Mr Marlin Fitzwater, explained that the US proposal amounted to a brief review conference for the signatory countries of the 1925 Geneva Protocol banning chemical weapons. Talks are already taking place in Vienna on how to ban the manufacture, transport, and use of chemical weapons. Mr Fitzwater said ha hoped the review conference could take place before Mr Reagan leaves office in January.

"It would then fold into the Vienna talks," he said.

Mr Reagan said the terror of chemical weapons overshadowed other positive developments in the world, notably the improvement in US-Soviet relations.

He raised the prospect of concluding an agreement halving the superpowers' strategic nuclear arms arsenals in 12 months' time.

In his speech, his last to the UN before he leaves office next January, the 77-year-old President said he was encouraged by progress towards resolving a number of regional conflicts inclnding Afghanistan, southern Africa, Cambodia and the ceasefire in the Gulf War.

Only 10 years ago these conflicts together had created a climate of aggression not seen since the 1930s, Mr Reagan said. But a larger war was avoided because "the free and peaceful nations of the world recovered their strength of purpose and will."

Mr Reagan also paid tribute to the work of the UN in helping resolve these conflicts and praised the efforts of Mr Javier Perez de Cuellar, the UN Secretary-General.

"We are determined that the United Nations should succeed and serve the cause of peace for humankind," said Mr Reagan in probably the warmest tribute he has paid to the UN since he came to office in 1981. A leitmotif in Mr Reagan's speech was an emphasis on human rights, which he said were a prerequisite for peace and better relations with the Soviet Union. He praised the UN Security Council's resolution a year ago for a ceasefire in the Iran-Iraq war.

The harshest note concerned Nicaragua which Mr Reagan said still posed a risk to Soviet-American relations.

Paris plans chemical weapons initiative, Page 3

Financial Times markets coverage

Our daily capital markets coverage is being extended from today to include comprehensive reporting of main government bond markets. There will also be a daily table showing comparative bond yields.

The FT's daily share listings from world markets are also being increased from today to expand coverage of Europe (mainly the French and West German markets) and the Pacific Basin (notably Japan, Hong Kong and Australia).

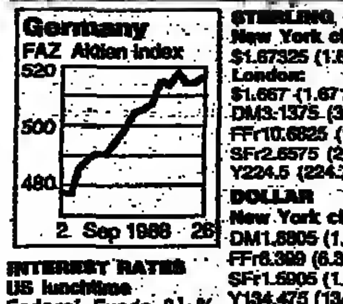
In the Saturday paper, our reporting and commentary on world stock markets is being expanded to provide the same comprehensive coverage as on weekdays. The Saturday paper will also carry tabular material on Friday's options and futures markets which was previously carried on the following Monday.

In the first section of the weekday paper, we are expanding our coverage of overseas news, especially from south-east Asia to reflect the pace of industrial and political development in the region and its growing importance to the world economy.

MARKETS

Germany

FAZ Aktien index



STERLING
New York close
$1.67325 (1.671)
London:
$1.667 (1.6715)
DM3.1375 (3.135)
FFr10.6825 (10.6775)
SFr2.6575 (2.65)
Y224.5 (224.75)

DOLLAR
New York close
DM1.8805 (1.87475)
FFr6.399 (6.386)
SFr1.5905 (1.583)
Y134.475 (134.375)
London:
DM1.883 (1.875)
FFr6.4075 (6.3875)
SFr1.5935 (1.585)
Y134.65 (134.45)

GOLD
New York close
Comex Dec
$400.3 (399.3)

INTEREST RATES
US lunchtime
Federal Funds 8¼% (8⅛)
3-mth Treasury Bills: yield: 7.524% (7.46)
Long Bond: 101 13/32 (100 ?/32)
yield: 9.077% (9.05)
London
3-month Interbank: close 12 ?/32% (12 ?/32)

STOCK INDICES
New York
Dow Jones Ind. Av.
2,085.17 (-5.51)
S&P Comp
268.88 (-0.8)
London:
FT-SE 100
1,792.7 (+0.3)
World:
124.08 (Fri)
Tokyo
Nikkei Ave
27,530.95 (-59.17)
Frankfurt
Commerzbank
1,572.2 (+4.8)

OIL
Brent 15-day (Argus)
$13.285 (+0.02) (Oct)
West Tex Crude
$14.37 (-0.01) (Nov).

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Haughey gambles political capital on Dublin project

The Irish Premier has high hopes for the new International Financial Services Centre being built on former dockland in the heart of Dublin. But political opponents are critical of what one calls a "contrived tax haven" Page 26

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Poll-weary French shun cantonal elections

By Ian Davidson in Paris

THE FRENCH Communist Party appears to have done surprisingly well, and the extreme right-wing National Front exceedingly badly, in the first round of cantonal elections yesterday.

However, the principal verdict of the election was that the voters had inflicted a rebuff to the political establishment by staying away from the polls in record numbers, to the point where it was unusually difficult to draw firm party-political conclusions.

Mr Pierre Joxe, the Interior Minister, responded to the 51 per cent turn-out, the lowest since the Second World War, by proposing to reform election procedures. His suggestion that cantonal elections should be held at the same time as other local elections, was endorsed by leading politicians from the right-wing parties.

His parallel suggestion that the voting rules for cantonal elections contain an element of proportional representation, was much less well received, however, since rural areas – and therefore right-wing voters – are over-represented in the cantonal elections.

On the extreme right, the National Front did very poorly, with barely 5 per cent of the vote; this was much worse than the previous cantonal elections of 1985 (8.7 per cent), and further below the 9.6 per cent it scored in the first round of this year's general election.

Conversely, the Communist party, with just over 13 per cent of the vote, did slightly better than in the previous cantonal elections (12.6 per cent), and better than in the first round of this year's general election (11.3 per cent).

The Socialist party and its allies secured just over 34 per cent of the vote in the elections to the *Conseil Général* in each *département*, whereas the traditional right-wing groups scored over 44 per cent.

The low turn-out has been attributed mainly to voter fatigue after two rounds of the presidential poll and then the two rounds of the general election in the first half of this year. They will be expected to vote again next Sunday, in the second round of the cantonals.

Polish Communist Party names new prime minister

By Christopher Bobinski in Warsaw

MR MIECZYSLAW Rakowski, a Polish Communist Party Central Committee member responsible for propaganda policy has been approved by the Commitee as the country's new prime minister.

The candidacy goes before parliament for formal approval today after which Mr Rakowski will put together a new government for presentation to parliament early next month.

The appointment of Mr Rakowski, a 62-year-old former newspaper editor, comes after the fall last week of the previous government led by Professor Zbigniew Messner which had been in office since 1985 and has recently faced criticism for mismanaging the economy.

The decision to approve Mr Rakowski came at a closed meeting yesterday and contrary to common practice Pap, the official press agency, gave no details of the debate.

A terse communiqué issued yesterday evening said merely that General Czeslaw Kiszczak, the Interior Minister, had informed the meeting about preparations for forthcoming round table talks with the banned Solidarity trade union.

Mr Wladyslaw Baka, the party secretary responsible for the economy, had reported on progress in putting together plans for the next two years.

Reuter adds from Warsaw: Mr Rakowski was the government's chief negotiator with Solidarity before the union was banned under martial law in December 1981 and has served as a close aide to party leader General Wojciech Jaruzelski.

The Soviet Communist party newspaper, Pravda, earlier interviewed Mr Rakowski from Warsaw, in an article apparently designed to prepare Soviet public opinion for a compromise between Poland's Communist authorities and Solidarity.

The article was the first to convey to Soviet readers the intensity of Polish public feeling about the economic squeeze and to suggest that policy mistakea had been involved.

Mr Rakowski said Poland's leadership had erred by allowing living standards to drop and by drawing the wrong conclusions from a strike wave across Poland last spring.

"The situation remains complicated," he said. "Our enemy has not surrendered. New attempts to exacerbate the situation cannot be ruled out."

He complained that the Government had limited possibilities for improving living standards, and added: "We find ourselves in a tangle of contradictions."

Mr Rakowski, a tough, professional propagandist, defended Poland's party against charges that it had done nothing to improve the economy for seven years.

But he added: "A few words about our mistakes. Unfortunately some people have already forgotten the lessons of 1980-81." He appeared to be distancing himself from aspects of the party's policy during the time when Solidarity was legal.

"We also made a mistake in pursuing a wages and incomes policy which caused living standards to drop. And we were mistaken in failing to draw proper conclusions after the strikes in April and May.

EC foreign ministers fail to agree aid mandate

By Tim Dickson in Brussels

SHARP differences over the way in which aid should be chanelled to the world's poorest countries unexpectedly frustrated agreement yesterday at a meeting of European Community Foreign Ministers in Brussels.

The divisions between the member states meant that the EC was unable to finalise its mandate for next month's opening of the new round of trade and aid negotiations with the 66 African, Caribbean and Pacific countries grouped together in the ACP bloc.

Mr Theodoros Pangalos, the Greek Foreign Minister and currently chairman of the EC Council of Ministers, said last night that Community ambassadors would try to resolve the issues in further discussions in Brussels over the next three weeks. But it is expected that a special meeting of foreign ministers will be convened in Luxembourg on October 12 to coincide with the formal opening of the EC/ACP talks.

One of the big obstacles blocking a definitive agreement on the EC's negotiating mandate was the extent to which further trade concessions should be offered to the ACP states as part of the overall package – a controversial issue notwithstanding the conventional wisdom in Brussels that given the virtual absence of tariffs and quota restrictions on ACP imports, there is little scope for manoeuvre.

Britain, West Germany and the Netherlands are among those most keen to play up the possibilities of trade, with Italy understood to be unwilling.

Italy yields to Spain in squabble over Euro court judges

By Tim Dickson in Brussels

A POLITICAL squabble over appointment of new judges to the European Court of Justice was resolved yesterday when Italy yielded to Spanish demands.

Mr Theodoros Pangalos, the Greek chairman of yesterday's EC Foreign Affairs Council in Brussels, announced that agreement had been reached over nationality of the so-called 13th judge to sit at the Luxembourg-based court.

Each of the 12 member states traditionally appoints a judge of its own choice, but under a formula agreed before Greek accession to the Community in 1981 (when the Court was enlarged to 11 judges) the final place on the "bench" is awarded in rotation to the larger EC countries.

The then method of rotation was the result of a classic Community compromise bnt the order finally agreed (West Germany, Italy and the UK) was interrupted with arrival of another large country: Spain. Madrid, snpported by most members except Britain, claimed it was promised the 13th slot when (as is about to happen) the German incumbent ends his six-year term.

The Italians, meanwhile, had up to yesterday refused to give up their turn.

According to Lord Mackenzie Stuart, soon to retire as European Court president, the Council's inability to agree was holding up appointment of other judges and disrupting reorganisation of the Court's calendar for the judicial session starting on October 6.

It is understood that the Spanish appointee is Mr Manuel Diez de Velasco, professor of International Law in Madrid.

Malta irked by Libyan comment on joint radio

By Godfrey Grima in Valletta

MALTA HAS complained to Libya about controversial comments broadcast by a new radio station based on the island and operated jointly by the two countries.

The station, Voice of the Mediterranean, was launched this month, to the surprise of eeveral European governments, which had expected the pro-Western administration of Mr Eddie Fenech Adami to refrain from consolidating further ties with Libya.

On Friday, Mr Vincent Tabone, Malta's Foreign Minister, summoned the Lihyan ambassador, Mr Mostapha Bu Shaala, to complain about remarks concerning President Hosni Mubarak of Egypt and the presence of auperpower fleets in the Mediterranean. These were broadcast on September 4, three days after the station came on the air.

The comments about Mr Mnbarak were viewed by Malta as pejorative, while the claim that the Maltese opposed the presence of foreign fleets in the region could be interpreted as criticism of the US Sixth Fleet, the ambassador was told.

Malta's stand is that any phasing out of superpower fleets in the Mediterranean is for Washington and Moscow to negotiate. The build-up of naval forces has led to a certain balance of power being created, the Government asserts.

Italy train workers strike

ITALY'S train traffic came to a halt yesterday as rail workers struck nationwide to protest against the Government's plan to reorganise the state-controlled railways. The plan includes big layoffs, AP reports from Rome.

The 24-hour unrest, which began at 9 pm on Sunday, stopped all trains throughout the country. Alternative bus service gave little relief to the stranded passengers.

In Vercelli, in northern Italy, about 600 passengers stranded by the strike, bitterly protested against the action and smashed some windows of the local station. Riot police walked in to stop the protest. The angered passengers were later taken to Turin, the final destination of their train that stopped only 40km away.

Employees of Italy's airports authority threatened a second one-day strike next Monday.

Judge murdered in Sicily

A SENIOR judge who jailed the Mafia's "boss of bosses" for life died in a hail of bullets on Sunday night in an escalation of the criminal society's war against the Italian state, Reuter reports from Caltanissetta, Sicily.

Police said that gunmen fired more than 40 shots, probably from two sub-machine guns, to kill Mr Antonino Saetta and his son in their car.

Verdict due on Brussels pulp competition ruling

By Tim Dickson

THE European Court of Justice will today deliver an eagerly awaited verdict on whether the European Commission was right to punish companies based outside the boundaries of the 12 member states for breaking the Community's competition rules.

The judgment is considered by many in Brussels and Luxembourg to be one of the most important to be handed down by the court this year.

The case involved was brought against the Commission by a 41-strong group of US, Canadian and Finnish pulp producers and two trade associations, whose registered offices were outside the EC and who were fined by the Brussels authorities in 1984 for allegedly engaging in concerted action over prices.

At stake, however, is not just the question of whether the Commission should have applied Article 85 of the Treaty of Rome but the wider issue of the Community's extra-territorial legal authority.

In May this year the court's Advocate General, Mr Marco Darmon, said in his Opinion that the companies' complaint should be rejected, and put forward the doctrine of "qualified effects". Action under the EC's competition rules against companies based outside the Community, he said, could be justified where the effects of the breach were "substantial, direct and foreseeable".

In the case of the pulp producers, it would be for the court at a later stage to ascertain whether the effects fell into this category.

Bulgarians demand details of air crash

By Judy Dempsey in Vienna

A GROUP of Bulgarian parents, whose children were killed in an air crash in Sofia last month, are demanding the release of an official inquiry into the accident. They have also asked that a number of sensitive questions related to the crash be answered by the authorities.

The parents publicised their views in a letter which was televised last Saturday evening on Panorama, the Bulgarian weekly current affairs programme. Among other things, they asked why the charter aircraft at the centre of the inquiry took off earlier than scheduled on August 2.

They are also seeking clarification of reports alleging that it did not use enough runway to take off.

So far, the Bulgarian authorities have remained silent on these issues despite persistent rumours that the aircraft was forced to take off in the way it did in order to clear the runway for another. According to unconfirmed reports, the other aircraft may have been carrying a prominent Bulgarian official.

The authorities have attempted to contain the public disquiet surrounding the accident by setting up an inquiry and also sacking Mr Vasile Tsanov, the Minister of Transport, along with three deputy ministers.

Spain's current account surplus rises

SPAIN'S current account surplus rose to the equivalent of $761m in August from $346m in July, compared with a surplus of $925m in August 1987, the Bank of Spain said, agencies report from Madrid. The trade deficit broadened to $1.14bn from $923m in July and $961m last year.

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Yugoslavia grapples with a 500-year ethnic split

Judy Dempsey, recently in Kosovo, reports on the power of memories of a medieval Serbian state

IN A RARE and complex coalition of ideologies, the conflict between the Serbs and ethnic Albanians in Yugoslavia's autonomous province of Kosovo has brought history, nationalism and old, unsettled scores to the surface.

Yugoslav liberala helieve that if such potentially dangerous forces continne to gain ground, the authorities could, as a last resort, call in the army or impose martial law in Kosovo. But many nationalist Serbs seem oblivious to the crisis. Their main focus of attention is the fnture status of Kosovo, one of two autonomous provinces.

The conflict arises over alleged harassment of the local Serb population by ethnic Albanians in Kosovo. Serb nationalist demonstrators and Serbia's political leaders want to reduce Kosovo'e autonomous rights and bring the province under greater Serbian control.

For the Serbs, Kosovo is perceived as the cradle of their history and culture.

It was in Pec, west of Prishtina and in the heart of Kosovo, where the Serbian state and nation took root. Under the reign of Stefan Dusan (1331-1355), King of the Serbs, the medieval state of Serbia reached its zenith, with its seat of power centred on the (Orthodox) Patriarchate of Pec. Pec thus became the symbol of the Serbian kingdom and Serbian national consciousness.

But it was the spectacular defeat by the Turks in 1389 in the Field of Kosovo which traumatised the Serbs. Pec, the symbol of Serbian-ness, fell to the Ottomans.

In the words of Mr Ivo Banac, a historian of Yugoslavia: "The event had no equal in the collective memory of the Serbs." Those Serbs who remained hehind bowed to Ottoman rule and later became assimilated with the indigenous Albanian population. Others moved as far north as Hungary and Slovakia, but the memory of Pec remained.

Thus, when the Serbs avenged their defeat in 1389 with victory in 1912-1913 and re-entered Koaovo, in the words of a contemporary historian, "they felt once again they were entering Jerusalem." Indeed the subsequent blood-letting against the ethnic Albanians appeared to do untold damage to the relationship between the old Serb settlers and ethnic Albanians.

Another historian, writing in 1926, confirmed this. "We [Serbian] natives see that those [Moslems] who liked and helped us in Turkish times now show us far less good will. And vice versa." The delicate co-existence between old time Serbs and ethnic Albanians was shattered, and matters deteriorated even further when the Serbs attempted to consolidate their hold over Kosovo after 1918.

Colonisers were sent in that year and they took over land originally owned by ethnic Albanians.

There was little chance of working out any *modus vivendi*, let alone considering assimilation of the dominant Albanian culture. The new colonisers had one aim: to avenge the defeat of Kosovo and re-establish Serbian dominance and control over the region. Cyclical violence and revenge once again characterised the history of the region, a trend confirmed during the period after 1945.

Under Mr Aleksander Rankovic, the head of security, Serbs were given free rein over Kosovo. The ethnic Albanians were treated as the underdogs. But Mr Rankovic overstepped the mark.

Not only did he ignite the fuse of a future bitter conflict between the Serbs and ethnic Albanians, he also threatened the power of Tito, then president. By 1966, Mr Rankovic had been expelled from the party and attempts were made to redress the balance of power in Kosovo. After ethnic Albanians took to the streets in 1968, Tito gave them more autonomy.

The fall of Mr Rankovic, and Tito's subsequent decision under the terms of the 1974 constitution to grant Kosovo the status of an autonomous province, swung the pendulum the other way. The Serbian minority felt alone. Mr Rankovic, their protector was gone. Tito, fearful of Serbian dominance throughout the Yugoslav Federation created the Province of Kosovo. But in the minds of the colonisers, Belgrade was disowning them.

Instead of a Serbian-run establishment, Prishtina became the centre of Albanian culture and identity after 1968, and especially since 1974. The giant, modernist library is testimony to this *rilindje* (Albanian for renaissance).

The ethnic Alhanians enjoyed their new autonomy which was often heavily peppered with nationalist aspirations.

Such aspirations spilt over into the streets of Prishtina in 1981. Yonng Albanians demanded that Kosovo be granted the status of a republic. For Serbs, such a demand was out of the question.

Not only would such a status give the ethnic Albanians the constitutional right to secede from the Yugoslav Federation, which, in effect would destroy the integrity of the Yugoslav state, but many Serbs felt that Kosovo would join neighbouring Albania, an idea which ethnic Albanians quickly dismiss.

Above all, a Kosovo republic would symbolise the end of Serbian culture in the region. As one Serbian in Prishtina put it: "Kosovo is the cradle of our national consciousness." The feeling is widespread today, even if it is not exploited by the present leadership in Serbia.

Mr Slobodan Milosevic, the Serbian party leader, is now seen as the saviour of the Serbian nation. Among Serbs in Kosovo, it will be he who will overturn post-1968 developments.

Mr Milan Tucovic, a builder in Pec, said: "After Rankovic and the 1974 constitution, we felt betrayed by our fellow Serbs in Serbia. We were left alone to deal with the *Shiptari*, (the Serbian, and now a pejorative term for Albanian)."

This has indeed prompted many Serbs in Kosovo to arm themselves against the ethnic Albanians, and vice-versa. In *Precala, a network of dirt*-tracks and lanes deep in Kosovo, the Serbs have organised vigilante groups to defend themselves against what they see as intimidation by tbe Albanians.

In Kosovo Pojelje, meanwhile, a [Serbian] surburb of Prishtina, Mr Miroslav Solevic, an arcb Serbian nationalist, organises his Committee for Organising Protest Meetings of Kosovo Serhs and Montenegrins. Protests, euch as one recently in the small town of Lebane, on the Serbian-Kosovo border, whip up hatred of Albanians and smack, to put it mildly, of racism.

Yet, the hysteria engendered by the Serbian minority in Kosovo, abetted by their fellow Serbs in other parts of Yugoslavia, is not fully supported by Serbian intellectuals in Belgrade. However, they have little opportunity to express their views.

The once highly respected, liberal and critical press in Belgrade has been turned into a moutbpiece for the Serbian nationalists.

Politika, once the flagship of Yugoslav journalism, now propagates what amounts to racism and hyperbole directed specifically against the ethnic Albanians.

Liberal journalists, wbo increasingly despair about the developments, were swept out of their jobs last November hy Mr Milosevic.

Serbian liberals and Albanian intellectuals in Kosovo are given few chances to give their side of the story in the Serbian media. Instead, they now write for the Slovenian or Croatian press.

Bnt they realise that the centre of political gravity, nationalism, and the Kosovo problem for the moment rest with Belgrade and not with the other republics. Serbian journalists also say that the Kosovo prohlem will not be solved through nationalist means.

Most liberals think that a political solution, not martial law, is the answer. They argue that what Yugoslavia needs is a system in which conflicts can be solved through democratic political institutions.

In addition, they point out that nationalism is being used to deflect from the serious economic problems, which, most economists agree, can only be tackled through political channels.

Such solntions or any way out of the crisis, they conclude, depends on what Mr Milosevic's real intentions turn out to be. The forthcoming central committee plenum which will consider tbe Kosovo issue might reveal his true intentions.

DREAM OF NATIONAL COHESION THAT DIED WITH TITO

President Tito's post-war federal republic of Yngoslavia, created in the face of Stalin's model of centralised government, sought to address some of the potential ethnic problems of governing more than 20 national groupings, including Serbs, Croats, Albanians and Hungarians, with their different cultural, linguistic and religious histories.

The country's population of just over 22m comprises six republics and two autonomous provinces – Kosovo and Vojvodina – both within the largest republic, Serbia. With Tito's passing, so too passed the central pillar of national cohesion.

The ethnic differences and squabbles have escalated into street unrest that could, in the view of some observers, even end in the imposition of martial law in some regions. *The source of the current unrest is the alleged intimidation by ethnic Albanians living in Kosovo against the local Serb population. It has lead to* demands by Serb nationalists, backed by Serb political leaders, for the withdrawal of Kosovo's autonomous rights, bringing the province under direct rule from Serbia.

The unrest is not confined to the streets. Yesterday, Mr Franc Setinc, a Slovenian member of the Communist Party politburo, resigned over the issue, saying *he feared that calls for arms voiced* at the protests threatened to ignite the whole of Yugoslavia. Tanjug news agency said Mr Setinc attacked *Serbian nationalism* and "mindlessness which, before everyone's eyes, is pushing us to a disaster."

Industry relieved at Ozal decision to stay in office

By Jim Bodgener in Ankara

A DECISION by Turkey's Prime Minister, Mr Turgut Ozal, to stay in office despite his setback in Sunday's referendum was greeted with relief by the country's industrial leaders yesterday.

In the plebiscite, voters turned dowo Mr Ozal's proposal tbat the date of local elections be hrought forward: the Prime Minister, who had threatened to step down if heavily defeated, apparently considered that the 35 per cent of the vote which he did obtain was enougb to save face.

Opposition leaders charged immediately after the poll that Mr Ozal and his ruling Motherland Party had failed to win a vote of confidence.

But the leaders – Professor Erdal Inonu of the main opposition Social Democratic Populist Party and Mr Suleymam Demirel of the True Path Party – were slow off the mark in calling for his resignation.

The resignation threat had clearly acbieved its aim of swinging votes and rallying party dissidents.

Mr Ozal had wanted to hold early local elections in November, rather than March as laid down by the constitution.

As a result of Sunday's ballot, Turks can expect five months of municipal politicking: but this is a much less daunting prospect to the economic and commercial community – and to Turkey's western creditors – tban tbe minority government wbicb might bave ensued if Mr Ozal had resigned.

Business leaders had feared that bolding local elections as early as November might lead to economic dislocation this autumn.

Sound economic principles were relaxed when politics became overheated, said Mr Omer Dinckok, president of the Turkish Businessmen's and Industrialists' Association, yesterday. The Turkish public had made a delicate choice – of approval for the Mr Ozal's government, but at the same time demanding action.

He called for tougher austerity measures to bring public spending under control.

However, commentators said the vote against Mr Ozal reflected the electorate's dissatisfaction with the Government's failure to curb high inflation – 78.4 per cent up to the end of August.

Behind the inflation figures are a widening budget deficit and rising domestic borrowing, the latter fuelled by the Turkish lira's rapid depreciation in an exceptionally heavy year for dollar debt servicing.

Western bankers based in Turkey are now looking for evidence of the political will required to push through painful corrective economic measures demanded by Mr Ozal's technocrats. One may be that the Government will postpone part payment of principal on treasury bonds to ease its domestic debt burden.

In Ankara, the referendum was quickly forgotten as crowds lined its streets to welcome back the diminutive weightlifter, Mr Naim Suleymanoglu, who took a gold medal with a record breaking lift in the Seoul Olympics last week. Having sought asylum in Turkey last year from Bulgaria's campaign to eliminate the ethnicity of its Turkisb minority, Mr Suleymanoglu is doubly a Turkisb hero.

Paris plans chemical weapons initiative

By Ian Davidson in Paris

FRANCE is expected to make fresh proposals to add urgency to the Geneva negotiations on the banning of chemical weapons, an official spokesman said yesterday.

First detailed indications of the French ideas are likely to emerge in President François Mitterrand's speech to the General Assembly of the United Nations on Thursday.

President Mitterrand intends to mark the beginning of his second seven-year term with a major review of the international scene, covering East-West relations and arms control, as well as north-south relations and the debt crisis of the developing countries.

On arms control, President Mitterrand is expected to emphasise the negotiations in which France is directly involved, the Geneva chemical weapons talks, and the forthcoming Conventional Stability Talks (CST) in Vienna.

A statement issued by the Elysee Palace pointed to France's responsibilities in the chemical weapons talks as a depositary of the 1925 protocol banning chemical weapons and as one of the most active participants in Geneva.

Fate of Italian Government hangs in balance this week

By John Wyles in Rome

A CRUCIAL debate starts within the Italian Parliament today as government moves to abandon a 140-year tradition of secret voting on most financial and political issues. The debate is at the centre of the political and economic strategy of the Government headed by Mr Ciriaco De Mita.

Abolition of the secret vote on all but civil rights issues is both a crucial binding to the five-party coalition's programme and also an essential precondition for obtaining parliamentary approval for highly controversial budget proposals to be adopted by the Cabinet by the end of the week.

A Government victory on the secret vote is by no means assured. The coalition needs only an absolute majority of 316 votes and can, on paper, muster 370. However, Mr De Mita's own Christian Democrat party has appeared seriously divided about surrendering a parliamentary procedure which many claim preserves the independence of individual members but which also serves to allow free play for lobbies and special interests.

After some Christian Democrats had seemed ready to join forces with the Communist opposition to retain the wide use of secret voting, Mr Bettino Craxi, the Socialist party leader and the man most determined to bury it, has agreed to a compromise which would retain its use for both constitutional and for not clearly defined "family rights."

But the reform has to be approved by secret vote on Thursday or Friday. The De Mita office claims that a defeat for the Government would be "mass suicide by the Italian political class." If the proposal falls, then so will the Government, in which case, weeks of internal struggle and argument over the 1989 budget will have been largely wasted.

By employing fiscal reforms and spending cuts designed to reduce the underlying budget deficit by L50,000bn (£21.4bn), the budget is arguably the most important attempt to establish a new direction for Italian public finances this decade. Some loose ends still have to be tied up, particularly on health service economies, but fears of a debt servicing crisis – the Italian Government's indebtedness nearly equals gross domestic product – should be enough to bring recalcitrant ministers into line.

Meanwhile, recently published economic statistics have produced a comforting background to the budget discussions. The June trade balance shows a deficit of L764bn compared L2,319bn last year. Most notable was a 28 per cent rise in exports against a 12.4 per cent rise in imports over June 1987. The six-month deficit now stands at L8,279bn compared with L8,125bn in the first half of 1987.

IMF AND WORLD BANK MEETINGS

World Bank threatens to usurp IMF role

Stephen Fidler on the World Bank proposal to take the lead on a loan to Argentina

THE decision of Mr Barber Conable, the World Bank president, to recommend $1.25bn in new loans for Argentina before an economic programme from the International Monetary Fund is in place, has stirred up a hornets' nest in Berlin.

It has raised questions about the future relationship between the Bank and the Fund, which are central to the question of how the debt crisis, unresolved after six difficult years, is to be approached.

The tradition has been that the IMF takes the leading role in the management of each country'e problem. Only after a fund programme is in place do the other elements follow: World Bank sector reform loans, reschedulings with the Paris Club of western creditor nations and private financing from the banks.

In the Argentine case, the World Bank appears to be taking the lead, incorporating in the agreement certain macroeconomic conditions, some of which one could expect to see in an IMF letter of intent.

The claim is that by taking the lead in this fashion, the World Bank is usurping the role of the IMF, which traditionally looks after macroeconomic policy. The insinuation is that the US administration, anxious for the debt crisis not to blow up during the election period, has pushed the World Bank into this more central role, a role, it is claimed, supported by some of Mr Conable's expansionist lieutenants.

Another worry is that the World Bank's macroeconomic conditions paint the IMF into a corner in its continuing talks with the Argentine government. This, it is suggested, will inevitably lead to a weakening of IMF conditions, a development of more general concern to a number of prominent IMF members, including the British government.

Yet, while the World Bank has clearly never played such a leading role in such a prominent case, officials of the institutions insist that the arguments have been overplayed.

For example, a senior fund official said yesterday that it had been envisaged eince August that the World Bank would be the first to put in place a financing in the Argentine case. He cited it as proof that the institutions were indeed taking a case-by-case approach to the debt crisis.

Officials said this did not set precedents for the handling of future cases, however. Neither was the IMF, which under the leadership of Mr Michel Camdessus has until now been expanding its participation in attempts to resolve the debt crisis, now thinking of shrinking its role.

The suggestion that the World Bank had established the equivalent of an IMF letter of intent in its accord with Argentina also underestimates the breadth of an IMF agreement.

While there is an explicit target for the fiscal deficit in the World Bank agreement – a maximum of 2.4 per cent of gross domestic product in 1989 compared with the expected 4.6 per cent this year – there is no attempt to write, as the IMF does, a complete macroeconomic framework for the loans. There is no monitoring of the external sector of the economy, although there are forecasts, nor are there targets for growth or the balance of payments.

Furthermore, without targets for the fiscal deficit, the sector reform loans would not have addressed the problems they were meant to, bank officials argue.

Critical to the question of whether the IMF's role can be usurped is the reaction of other creditors. The Paris Club of western creditor nations will not go ahead with reschedulings without an IMF agreement.

From the point of view of creditor banks, the position is similar. Mr Willard Butcher, chairman of Chase Manhattan Bank said yesterday that, while he welcomed the World Bank loans, an IMF accord would still be critical to an agreement with bank creditors.

There is no doubt that the move, however, entails risk for the sister institutions. The fiscal deficit target in the World Bank agreement is clearly a maximum. Yet, there is clearly a question about whether it will be possible to persuade Argentina that a tighter deficit target is needed on its IMF programme than on its World Bank programme. If the two targets turn out to be the same, however, this would smack of the dreaded cross-conditionality from which the institutions have been trying to move away.

The IMF has expressed support for the economic action taken so far by Argentina but this by no means guarantees agreement. It is thus conceivable, though not likely, that the World Bank – assuming its board gives the go ahead to the loans – could be left high and dry on Argentina. Alternatively, there are risks to the fund's credibility if it appears to fall tamely into place behind the Bank.

Japan to launch initiative on Third World debt

By Philip Stephens, Economics Correspondent

JAPAN is expected to outline today details of an initiative to recycle part of its huge trade surpluses to middle-income debtor nations.

The initiative, signalled by Mr Satoshi Sumita, the Governor of the Bank of Japan, will mark a further step in the Tokyo Government's attempts to play a much more prominent role in efforts to ease the debt crisis.

Mr Snmita, who plans to give further details in a speech to the International Monetary Fund's annual meeting today, has indicated that it involves a new programme of loans from Japan's Export-Import Bank.

The loans, which would complement IMF financing to countries which agree adjustment programmes, would be untied and probably at below market interest rates.

The Japanese central bank governor, who is representing Japan at the meeting in the absence of Mr Kiichi Miyazawa, the finance minister, has been careful to stress that the plan would complement the existing case-by-case approach to the debt strategy. Japanese officials said thet the loans would be an addition to the "menu of options" already offered to debtor countries.

The Japanese proposals were welcomed by both Mr Michel Camdessus, IMF managing director, and by Mr Onno Ruding, chairman of the fund's policy-making interim committee.

Officials from other industrial nations added that, assuming the final proposals are in line with Mr Sumita's initial indications, they could push forward progress in easing the debt crisis in two ways – by enhancing the attractiveness of IMF programmes and hy providing for increased recycling of Japan's surpluses.

Both Britain and West Germany, however, indicated a more cantious approach. They are thought to want assurances that the Japanese plan would not involve similar commitments by other countries.

A British official said Japan had agreed to this weekend's statement hy the Group of Seven nations which rejected any transfer of risk from the commercial banks to governments. Britain would want to be sure that Mr Sumita's initiative was in line with that commitment.

Mr Sumita has also left it unclear whether his latest ideas were linked to proposals made by Mr Miyazawa at the Toronto world economic meeting in June. Mr Miyazawa suggested then that the IMF establish a new facility which would allow debtor countries to capture the discount on their loans in the secondary market by issuing new bonds guaranteed by the fund.

That idea drew a frosty response from some other members of the Group of Seven because it was seen as implying a break with the case-by-case approach.

IMF urges further US deficit cut

By Philip Stephens in West Berlin

THE International Monetary Fund's policy-making Interim Committee yesterday called on the winner in November's US presidential election to do more to reduce the federal budget deficit and to increase private sector savings.

The call came as Mr Nicholas Brady, the US Treasury Secretary, assured other finance ministers that Mr George Bush, the Republican candidate, was committed to moving quickly to reduce the deficit. Mr Brady, regarded as frontrunner for Treasury Secretary in a Bush Administration, has held a series of private meetings in recent days with his counterparts in Europe and Japan.

"He has been very clear that Bush will cut the deficit," one European official commented.

The committee also called for further efforts in surplus countries to maintain and boost the growth of domestic demand in their economies.

The priority for Japan was the implementation of structural reforms to ensure that domestic spending continued to rise faster than output. European countries with large external surpluses should also seek to promote strong growth in domestic demand.

On the debt crisis, the committee reaffirmed its support for the current case-by-case approach to middle-income countries. It noted, however, that "more forceful actions" were needed to resolve the severe financing and adjustment difficulties faced by some debtors, particularly after recent rises in interest rates.

Commercial banks should be encouraged to provide adequate financing, not only rescheduling of debt repayments, it said. The 22 members, representing both industrial and developing countries, failed, however, to resolve their differences over proposals for a new allocation of Special Drawing Rights (SDRs) to boost liquidity in the international monetary system. The idea is supported by all the developing nations and by several industrial nations, including France. But it was blocked by the US, West Germany and Britain.

World bankers accused of harming poor

By Leslie Colitt

THE International Monetary Fund and the World Bank were yesterday accused of "grave violations" of their original goals and the principles of international law at the opening session of the Permanent People's Tribunal at West Berlin's Free University.

The tribunal has been organised by the left-wing Lelio Basso Foundation in Rome. Its jury includes Mr Adolfo Perez Esquivel, the Argentine Nobel Peace Prize winner and Professor George Wald of the US who won the Nobel prize for biology in 1967. Mr Dilson Funaro, Brazil's former finance minister, is to speak today on the subject of what would happen if IMF policies were applied to the most indebted country, the US.

Professor Robert Triffin, a former IMF economist who unofficially acted as the defence said the tribunal failed to note that the Third World's major indebtedness was to the US and not to the IMF.

For his part Professor Wald described the indebtedness of Third World nations as national "peonage" or debt slavery. Third World hunger was directly related to indebtedness as the constant pressure for hard currency to pay external debts forced poor countries to grow cash crops in place of food which they now had to import.

Lawson pledges tough line on public spending

By Simon Holberton, Economics Staff

MR NIGEL Lawson, Britain's Chancellor, yesterday underlined the Treasury's determination to be tough in the current public expenditure review by saying it would be "folly" to let spending get out of control.

Speaking to BBC Radio in Berlin, he again rejected suggestions by the IMF that he should raise taxes to damp down the economy. "I don't think it is sensible to try and use tax rates in order to regulate the economy on a sort of short term basis," he said.

He said that Mr John Major, Chief Secretary to the Treasury, would be trying to get "as close as he possibly can" to the planning total of £167.1bn laid down in last year's Autumn Statement. It was important that public spending continued to fall as a proportion of national income.

Mr Major is engaged in bilateral discussions with spending ministers who have sought an additional £10bn for their departments. The Treasury is likely to argue the last thing the economy needs is a stimulus through higher spending, especially when government policy is directed at slowing domestic demand growth.

Mr Lawson said he regretted the problems higher interest rates might cause some people but they were necessary to keep inflation under control.

He brushed aside the deterioration in Britain's trade account, saying that industry had maintained its share of world markets, to highlight his concern about inflation. "What concerns me is that inflation is edging up again and this is something which can not be allowed to continue," he said.

Higher interest rates would slow spending in the economy and imports would begin to fall. This would have an effect on the current account deficit of the balance of payments, "but it does take time, it does take time to work through."

He was confident that the markets would continue to support the pound and had confidence in the economy.

A test of that confidence will come today when the Government publishes trade figures for August. Financial markets are expecting a current deficit of around £1.4bn. this is down from the record £2.2bn deficit recorded in July.

Ivor Owen adds: Mr John Smith, the Labour shadow Chancellor, said yesterday IMF criticism of Britain's policy showed confidence in Mr Lawson's judgment and strategy "is slipping fast abroad as well as at home".

Reliance on large interest rate increases as the sole economic weapon would only reduce demand at the expense of the productive capacity of the economy, he warned.

Bérégovoy charm adds to general mood of harmony

David Marsh meets the French finance minister, a man with strong socialist roots and unpretentious air

"I BELIEVE in the power of ideas," Mr Pierre Bérégovoy, the French Finance Minister said expansively yesterday over a press hreakfast of scrambled eggs and rolls at the IMF conference centre.

Bnt Mr Bérégovoy's ideas are not always being spelled out here with perfect clarity.

There are some donbts, for instance, about whether Mr Bérégovoy's much-emphasised policy of keeping the franc stable within the European Monetary System is consistent with his objective of reducing France's growing trade deficit with West Germany.

None the less Mr Bérégovoy is serving up his policy message with a mixture of charm and conciliation. It marks a sharp change from the summer row with the Bundesbank when he accused the German central bank of playing a role of "lone rider" over tightening monetary policy.

In an oblique reference to the dispute during his speech to the Interim Committee on Sunday, Mr Bérégovoy said he deplored earlier lack of co-operation. Underlining the distinct warming of relations with the Germans over the past few weeks, he added, "Since then, we have learnt the lesson for the future."

Mr Bérégovoy, a close confidant of President François Mitterrand, won a reputation for pragmatism during his first term as finance minister which ended when the conservative government took power in Paris in 1986. Back in the driving seat after the Socialist election victories and at his first IMF meeting eince 1985, Mr Bérégovoy is again putting his pragmatic side foremost.

Mr Bérégovoy's down-to-earth manner and controlled self-confidence make him easier to deal with than his distinctly haughty right-wing predecessor, Mr Edouard Balladur. One German official compares Mr Bérégovoy affectionately with Mr Hans Matthoefer, the former Social Democratic Party Finance Minister – another man with etrong Socialist roots and an unpretentious air.

Yesterday, Mr Bérégovoy said he believed the expansion of German domestic demand this year was still "insufficient" – but made clear he did not expect to make an issue of it. He put forward again his notion for "recycling" the West German trade surplus towards other Community countries.

He also stressed that the Franco-German Finance Council set up earlier this year to co-ordinate the two countries' economic policies was not intended to be a decision-making body which could undermine the Bundesbank'e monetary policy autonomy.

Mr Bérégovoy said German monetary tightening had not impeded minor French interest rate detente in recent months. This had allowed the gap between French and German interest rates to fall without causing a flare-up in the EMS. And he underlined his opposition to any EMS realignment. Any renewed speculative run into the D-Mark in coming months would however almost certainly pose a severe EMS test for the franc. The verbal ceasefire between Mr Bérégovoy and the Germans is contributing to the general mood of harmony at the IMF meeting – but its durability has yet to be tested.

"What company would invest their money in a man who drops his trousers in public every night?"

British Aerospace plc
British Home Stores
Conoco
ICI
The Imperial Group plc
The Leeds Permanent Building Society
National Westminster Bank plc
The Prudential Corporation
Tate & Lyle
Trust House Forte

To name but a few.

In fact, what they're really investing in are people. People with a mental handicap.

A somewhat different cause, I'm sure you'll agree, than an actor who's returning to the West End stage after ten years, to drop his trousers yet again.

Now I may have made my name in farces like 'Dry Rot', but funnily enough laughter has enabled me to take on a much more serious part.

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My reasons were not entirely altruistic; our eldest daughter has Down's Syndrome, so I was able to experience at first hand the help that Mencap can give.

Mencap was founded in 1946 by a small nucleus of enthusiastic parents. Now it has more than 55,000 members, most of whom are parents and friends of people with a mental handicap.

What is a mental handicap?

The most important thing to understand is that it is not a temporary illness.

It is a permanent disability.

Not only that, but it is the most common form of handicap in the country. More people suffer from it than from all other handicaps put together.

In fact, there are twenty babies with a mental handicap born every day.

That gives you some idea of the scale of things.

Where Mencap helps.

Our help is twofold. First we help the handicapped themselves by trying to increase public awareness of their problems.

We lobby, we champion, we try to push barriers back. We've been able to influence a number of Bills going through Parliament to ensure that the needs of the people with a mental handicap are met.

Secondly, we offer advice and support to parents and families through some of their bleakest hours.

And, because we know what we're talking about, many professionals like lawyers, doctors and social services also seek our help.

But, alas, we need help, too.

Where you can help.

Last year we received £130,000 in corporate donations, which varied from £25 to £5,000. And where did that money go?

Well, it helped us open 36 new homes, and 30 special clubs.

We were able to give 500 children a holiday, and their parents a break.

We continued to find jobs for people with a mental handicap through our special employment service, bringing the total to more than 2,500.

And we took on 54 valuable new trustee volunteer visitors, and helped over 130,000 people through welfare and counselling.

Not bad for one year. But it's not enough.

Because it's not properly understood, people with a mental handicap are quite often at the end of the queue when it comes to Local Authorities agreeing new facilities.

So that's exactly why Mencap was started.

To provide, with your help, what the State does not.

If you would like more information on how your company can help Mencap, please write to me at Mencap National Centre, Freepost, London EC1B 1AA.

Your help will be appreciated.

Sir Brian Rix C.B.E., D.L.,
Chairman, Mencap.

Without your help we're handicapped.
MENCAP

OVERSEAS NEWS

Burmese military renames party before poll

By Roger Matthews in Bangkok

THE MILITARY in Burma moved yesterday to legitimise its grip on the country by announcing that the Burmese Socialist Programme Party – which until earlier this month had dominated politics for a quarter of a century – was changing its name to the National Unity Party.

The BSPP was the political vehicle of General Ne Win who stepped down in July in an effort to stem the wave of anti-government protests sweeping the country.

The National Unity Party is expected to be headed by Gen Saw Maung, who on September 18 led the military takeover of Burma and was subsequently named Prime Minister. General Saw Maung's clearance of the streets at the cost of perhaps 1,000 lives in Rangoon alone, is understood to have gained the approval of Gen Ne Win.

The military pledged when it took power that it would hold a general election once it had restored law and order. It is intended the new party should win by a substantial margin, thus allowing Gen Saw Maung to claim he has the people's mandate.

"It is an entirely cynical manoeuvre which will not fool anyone," a diplomat said last night. "It is also very much in the legalistic tradition of Ne Win who always put on a great show of doing things correctly by his own rule book."

● Leading dissident figures General Tin Oo, Aung San Suu Kyi and Brigadier Aung Gyi reversed their opposition to the polls and will contest them, sources said, Reuter reports from Bangkok.

A close associate of Tin Oo, former Defence Minister, said the dissidents' party, National United Front for Democracy, would soon register with the military government's election commission and would field candidates for all 472 parliamentary seats.

"They are now preparing to follow the rules and regulations of the commission," he said.

The opposition rejected a compromise election offer made by the BSPP a week before it was overthrown, and last week rejected army-backed elections.

Stars of Sumo wrestling are pictured leaving Tokyo's Imperial Palace yesterday after signing registers in hope for the recovery of Emperor Hirohito, their patron and a life-long fan.

About 20 of the wrestlers, in traditional dress and carrying paper umbrellas, caused a stir among the thousands standing in the rain waiting for news of the 87-year-old emperor, Reuter writes. "Wow, Konishiki is big," said a middle-aged Japanese woman with a gasp as the 39-stone Hawaiian who fights under that name lumbered past. Though very weak, the emperor has called for a television by his sickbed so he can watch his favourite sport.

Barcelona Games come rushing upon us

MICHAEL THOMPSON-NOEL IN SEOUL

I DO not wish to alarm anyone, but the 1992 Olympic Games in Barcelona are rushing at us with such momentous speed that the world's media will soon have to start cranking out a fresh avalanche of Olympic previews, interviews and starting lists.

They will have to do this because unless they see Barcelona coming, and react in time, they will be engulfed in previews, interviews and starting lists for Athens in 1996, which is now around the corner and rushing towards us at similar speed. As is Peking, in 2000.

Although the Olympics appear to be growing at a furious rate, Barcelona claims to be keeping matters in perspective, stating in its guide to the 1992 Games that its organising committee's budget is "notable for its balance and austerity".

The good news is that expenditure on the 1992 Games is budgeted at a mere $667m (in 1985 prices). The bad news is that synchronised swimming, volleyball and tennis are still in the official programme, while the demonstration sports at the Barcelona Olympics will be roller hockey and pelota.

As for the 1988 Seoul Olympics, which yesterday heaved themselves to their feet for the ninth day of competition, they are fast receding into history, and will be remembered as the Games that put the Olympics back where they belong – on the sports pages.

This is pleasing the South Koreans, who are displaying broader and broader smiles as the weekend approaches, and for whom Sunday's closing ceremony should signal an end to the biggest, most peaceful, most successful Olympic Games in almost a quarter of a century.

There have been one or small negatives, it is true – a routine riot at a boxing match; a trickle of sportsmen expelled for doping, and other minor stuff.

But at this stage, at least, the Seoul Games can be judged a rousing success, both for their hosts and for the Olympic movement, whose relief is palpable. For the sporting superpowers, however, Seoul still offers six more days of tense action as the big three – the Soviet Union, East Germany and the US – continue their mighty struggle.

In the 1972 Olympics, the last occasion on which the Games were not significantly affected by a boycott, the Soviet Union won 50 gold medals, the US 33 and East Germany 20.

At 7.30 p.m. local time yesterday the Soviet Union had won 32 gold medals in Seoul, the East Germans 27 and the US only 14 – an indication of the intensity of the Russian and East German commitment to vanquishing their capital foes on the Olympic playing fields.

The Soviet Union, in particular, lays great emphasis on the role of the Olympics as "pageants of peace and friendship" and maintains – in the foreword to the current Soviet Olympic team hand – "each Olympic festival is made memorable with the victories of Soviet participants".

As the handbook explains: "Physical training and sports serve to improve people's health, labour and rest, and provide for harmonious individual development".

Yesterday, in athletics – the core of the Games – the Soviet Union, East Germany and the US won two gold medals a piece, the most notable of them being a second long jump gold medal (at 8.72m) for Carl Lewis of the US.

For Britain, there was the consolation of silver medals for Fatima Whitbread in the women's javelin, and for Colin Jackson in the men's 110m hurdles.

For all of them, great and small, there was the thrill of looking up the rules of pelota and roller hockey.

Namibian settlement talks get under way

SOUTH Africa, Angola and Cuba began talks yesterday in Brazzaville on independence for Namibia, Reuter reports. The parties have set November 1 as the deadline for a UN independence plan for the territory.

Negotiators still have to agree on a timetable for withdrawal of an estimated 50,000 Cuban troops from Angola, the last big obstacle to a southwest Africa peace accord. "There is a substantial gap to be bridged," one diplomat said after the last round of talks from September 7 to 9 when negotiators outlined a compromise on the Cuban withdrawal.

S African roundup

South Africa has rounded up scores of dissidents in a crackdown on political opposition in the run-up to nationwide municipal elections on October 26, anti-apartheid campaigners said yesterday, Reuter reports from Johannesburg.

The anti-government Human Rights Commission said about 100 people had been detained and scores of others banned from political activity in the past seven days.

Lebanon cargoes

Cargoes worth $50m from at least 30 ships have been diverted illegally to Lebanon in the last 18 months, investigators for the International Maritime Bureau say, AP reports from Nicosia. The problem has largely been curbed in recent months because of co-operation from the Lebanese Forces, Lebanon's most powerful Christian militia, they said in a new report.

Saudi exports rise

Saudi Arabia's exports rose by nearly 20 per cent during the first half of 1988, the Finance and Economy Ministry said, Reuter writes from Riyadh. A report by the ministry said the value of exports for the six months ended June 30 reached Riyals 45.2bn (£7.2bn), compared with Riyals 37.9bn for the same period in 1987.

The ministry said imports during the same period also climbed 13.6 per cent to Riyals 41.1bn.

Japan's tax debate

The Lower House of Japan's Parliament decided to extend the current extraordinary session for 60 days to November 24 to carry on debate on a controversial tax reform plan being pushed by the ruling Liberal Democratic Party, Parliamentary sources said, according to Reuter in Tokyo.

Malaysia surplus

Malaysia posted a trade surplus of Ringgit 6.3bn (£1.4bn) the first six months of this year, up from a surplus of Ringgit 5.8bn for the same period last year, national news agency Bernama reported, according to Reuter in Kuala Lumpur.

China oil flow

The South One well on Hainan Island, China, flowed oil at a rate of 285 barrels a day (b/d) and gas at the rate of 430,000 cubic feet a day, CSR, the operator, said in a drilling report, Agencies write.

Businessmen strike in Pakistan

By Christina Lamb in Islamabad

SHOP SHUTTERS were down all over Pakistan yesterday as part of a nationwide strike by businessmen against the Government's decision not to back down over tax reform.

This is the culmination of a bitter conflict between Government and the business community since the budget in June which ended the self-assessment scheme for those earning more than Rs100,000 (£3,300), requiring them for the first time to open their books to annual audits by a panel of officers.

The reforms were softened last week in the first big economic decision since President Zia's death. The new anti-tax evasion law with strict sentences for offenders was dropped as was the insistence that transactions over Rs50,000 must be by cheque.

However, the concessions failed to pacify the businessmen. Dr Mehbub ul-Haq, the Finance Minister, who hopes to raise Rs13.25bn through additional sales and income tax, refused to give into demands that businesses should continue to be allowed to fill in their own returns, conceding only that audits would take place every second or third year.

Mr Tariq Saeeed, president of the Federation of Pakistan's Chambers of Commerce and Industry, offered to mobilise more than the Rs13.25bn if their demands were met, but Dr ul-Haq says he will not give into such offers.

"We were the only country in the world with this self-assessment scheme. The business community have offered to pay 20 per cent more tax than last year to avoid their records being checked, but we opened 207 cases and found an average tax evasion of 700 per cent – in some cases even 6,000 per cent."

Dr Haq's hand is strengthened by the insistence of the World Bank, the International Monetary Fund and leading donors that Pakistan must mobilise more of its own resources and reduce the budget deficit which presently stands at more than 8.5 per cent of gross national product.

However, the businessmen argue that agricultural income is not taxed at all, a result, they say, of the powerful landlord lobby. Many industrialists avoid taxes by passing off their income as agricultural.

Mr Tariq Saeed said: "It will take years for the national economy to recover from Dr Haq's obstinacy and arrogance." As the next step in the campaign, traders and businessmen will refuse to pay taxes, hoping to overturn the budget completely as they did last year.

Opposition parties will no doubt try to woo the business community, traditionally a government ally, but as they are dependent on the feudal vote, it is unlikely that they could meet traders' demands and still balance the budget.

Mubarak urges caution on PLO over exile government

By Victor Mallet

PRESIDENT Hosni Mubarak of Egypt, on the first stage of a tour of West European capitals, indicated to Britain yesterday that he is advising the Palestine Liberation Organisation to exercise caution in its plans to declare an independent Palestinian state or a government in exile.

Mr Mubarak discussed the Arab-Israeli conflict with Mrs Margaret Thatcher, the British Prime Minister, in London yesterday during what was described by Downing Street as "an extremely friendly meeting". He met Sir Geoffrey Howe, the Foreign Secretary, on Sunday.

Mr Mubarak's tour this week of Britain, France and West Germany is aimed largely at persuading senior member countries of the International Monetary Fund to be more lenient about Egypt's economic difficulties, but he has also been talking about Egypt's role as a mediator in the Middle East.

President Mubarak is said to be anxious that the PLO, which is under pressure to take the political initiative after King Hussein of Jordan's disengagement from the West Bank in July, should not make any hasty decisions before US and Israeli elections in November.

Although riven with factions, the PLO is considering the possibility of declaring an independent state in the Israelioccupied territories and asking the UN to act as trustee until such a state can be effectively established.

Camp David's legacy of a cold peace

Andrew Whitley reports from New York

AS PRESIDENT Ronald Reagan prepared to meet Mr Shimon Peres and Mr Esmat Abdel Meguid, the Israeli and Egyptian Foreign Ministers, in New York yesterday, he could hardly fail to cast a glimpse over his shoulder at the legacy of his predecessor Mr Jimmy Carter.

Ten years after Mr Carter presided over the signing of the historic Camp David accords, precious little of substance remains in the Israeli-Egyptian relationship. Both countries still pay lip service to the agreement. But the peace remains a cold one, further chilled by the Palestinian uprising of the last nine months.

Nevertheless, yesterday's meeting provided the US with an opportunity to remind the world that agreements are possible in the Middle East and that Israel and its most powerful neighbour are still holding to the peace treaty they signed in 1979. President Reagan will have been keen to remind his two receptive listeners of the virtues of reinvigorating the moribund "peace process".

The gesture costs the outgoing administration nothing. And it tells Middle East leaders that despite the buffeting Mr George Shultz, the Secretary of State, received in the region this year and despite forthcoming Israeli and US elections, the US is still in the game.

Yesterday, President Reagan was expected to make a final attempt to solve one of the niggling disagreements between his two regional allies left over from Camp David: a border dispute over a square kilometre of land in Sinai called Taba, a beach on the Red Sea (complete with luxury hotel and holiday village) to which Israel has clung defiantly.

Israel has reluctantly accepted the principle of arbitration, and an international tribunal in Geneva is due to rule on the rightful ownership of Taba later this week. But few in Jerusalem or Cairo expect the decision to go Israel's way, and Egypt is worried that Israel may refuse to withdraw. This raises the possibility of a fresh deterioration in a relationship which is central to US Middle East policy, and which Washington nurtures with $5.3bn worth of aid a year.

Geographically and economically insignificant as it may seem, the Taba issue raises strong passions among Israeli politicians. Mr Yitzhak Shamir, the Prime Minister now campaigning for re-election, believes that concessions over Taba might have implications for the Israeli right's primary concern, its claim to retain the whole of the West Bank.

On the other hand, an outright Israeli rejection of the verdict from Geneva might have severe repercussions in Egypt. Mr Mohammed Abdel Leila, an Egyptian parliamentarian, told the Kuwaiti daily Al-Watan last month that, under such circumstances, "we are entitled to tear the peace treaty into shreds".

A decade after the late President Anwar Sadat of Egypt joined hands with President Jimmy Carter and Mr Menachem Begin, Mr Shamir's predecessor as Likud leader, the best that can be said for the Camp David accords is that they freed the two old enemies' national resources for other purposes. Egypt could get on with the struggle to feed its growing populace and rebuild its economy. Israel could turn its attention to its northern borders.

Few of the "friendship building" benefits which were to have flowed from the 1979 peace treaty have come to pass. The Shamir-led coalition government complains constantly about the lack of trade and of Egyptian tourists, and of the hostility displayed by the Egyptian media.

Cairo argues that it was Israel's 1982 invasion of Lebanon and its stalling over the Palestinian autonomy negotiations laid out in Camp David which were responsible for knocking the stuffing out of President Carter's triumph.

Even so, the peace treaty to which it gave birth the following year has survived longer than many of its drafters could reasonably have dared hope.

US to lower naval escort profile in Persion Gulf

By Lionel Barber in New York

THE WHITE House announced yesterday that the US was lowering its profile in escorting US flagged shipping in the Persian Gulf.

The new policy follows the ceasefire between Iran and Iraq which has been in effect since August 20. US warships will no longer escort tankers and other shipping on a ship to ship basis, but will shift to a zone defence.

Mr Marlin Fitzwater, President Reagan's spokesman, said the move marked "the first step in the change of our presence. We will continue to review our presence and will make changes as the threat diminishes."

Since July 1987, US warships have escorted 180 ships in the Persian Gulf, a key battleground in the Iran-Iraq war. The US shift in policy follows Iran and Iraq's agreement to a United Nations ceasefire in the war.

Mr Fitzwater stressed that the modified protection to US-flagged shipping followed consultations with allies and friendly Gulf states. President Reagan ordered large scale deployment of US warships after the Government of Kuwait approached the Soviet Union and the US with a request for protection of Kuwaiti oil tankers.

●US AND Vietnamese officials began searching northern Vietnamese villages yesterday for people who may have seen plane crashes in which American soldiers were lost more than 15 years ago, an official said, AP reports from Bangkok.

Privatisation prompts an enthusiastic response from Kenyans

Julian Ozanne reports from Nairobi on the successful partial sales of two government-owned banks

DANIEL MBUGA, an ambitious junior civil servant in one of Nairobi's vast government offices, is one of the latest Kenyans to join the swelling ranks of private individual share holders.

With the help of an 80 per cent bank loan and a bit of good luck he is now the happy owner of 100 shares in Kenya Commercial Bank – the first Kenyan parastatal to go public in the biggest ever flotation on the Nairobi Stock Exchange.

As he set off to check his share certificate at a KCB branch on Kenyatta Avenue, a half mile boulevard which boasts an impressive range of banks from Grindlays International to the Bank of Oman, his pride was irrepressible.

"You see that bank over there," he said pointing to a branch of KCB and laughing heartily, "those are my bricks in that wall."

The partial privatisation of KCB, the second most profitable high street bank in Kenya after Barclays, was completed successfully recently.

While it may only represent a small step down the road to creating a share owning democracy the Thatcherite overtones are unmistakable.

Exactly one year ago President Moi instructed the two state owned commercial banks – KCB and National Bank of Kenya – to sell some shares to the *wananchi*, a Swahili term referring to the ordinary Kenyan people.

The move was prompted in part by the need to increase the capital base of the big banks following the 1986 banking crisis when several overstretched small banks and finance houses collapsed.

In part it was also a response to the hugely successful flotation of 30 per cent of Barclays Bank shares in 1986 which were six times oversubscribed and doubled their value in less than a year.

But more significantly it signalled a growing commitment at the highest levels to the philosophy of privatisation, as enshrined in the Government's Sessional Paper One of 1986, the economic bible for Kenya to the year 2000.

"It was an ideal opportunity to combine the new enthusiasm for privatisation with the need to increase our capital to deposit ratio," said Mr Andrew Hamilton, general manager of KCB.

To ensure the shares reached the *wananchi* and to avoid the sensitive feeling about concentration of capital, KCB excluded financial institutions from the offer and allocated shares proportionately across the country's 41 districts.

Outside help and underwriting by a merchant bank were rejected because KCB felt that, given its track record, the offer would be heavily oversubscribed.

Last year KCB declared a pre-tax profit of Kshs231.9m (£7.6m) – an increase of almost 35 per cent on the previous year. Dividends of Kshs30m were awarded to their sole shareholder – the Government of Kenya.

The bank's assets were revalued and 7,500,000 shares, or 20 per cent of the total, were offered to the public at Kshs20, a price fixed by the Capital Issues Committee.

A wide publicity campaign was mounted followed by the issuing of a prospectus available at banks and post offices nationwide.

When the offer closed in mid-July 118,403 applications had been received – an oversubscription of 3.27 in value terms. Allocation of shares were limited to 100 per applicant with the successful investors determined by computer ballot. Sixty per cent of applicants got shares.

KCB was given its first quotation on the stock exchange recently at Kshs26 – an instant premium of 30 per cent. One broker said he already had orders for half a million shares.

Although the Kenyan market is new to public share offers the huge popular response to KCB and Barclays has provided clear evidence that there is a large untapped potential of domestic capital waiting to be invested in promising securities. Possible future privatisations include the Kenya Reinsurance Corporation.

"We've shown that the money is there if the share issue is attractive," said Mr Hamilton. "We've primed the pump because the market is now better educated and the civil service geared up. We have also contributed to deliberately stimulating public interest in wider share ownership because we believe, as does the Government, that public participation is better for economic development."

It's a belief which is shared by Mr Fred Mbiru, Barclays' general manager. "The Government is beginning to realise that it is very efficient in what government is made for but one thing it's not made for is running large corporations."

The view that KCB would stimulate further flotations was borne out when Total announced it would offer 20 per cent of its shares, worth Kshs46.6m, to Kenyans, but through a private placing.

However, obstacles to the development of a free flowing securities market are substantial.

At the root of the problem is the power of the Capital Issues Committee, made up of officials from the Treasury, Central Bank and Ministries of Commerce and Industry. At present it has final say over the prices of issues and the timing of sales and has in the past deterred companies from raising capital publicly.

When Barclays decided to localise some of its capital in the early 1980s they encountered huge bureaucratic obstacles from the CIC, particularly regarding price.

"We were the first major flotation for ten years... often at meetings we found that the language we were talking was peculiar to ourselves. There was a vacuum of ideas and selling the gospel was not a simple matter," says Mr Mbiru.

A second stumbling block is the state of the nascent stock exchange. Fifty-five companies are currently listed and trading in securities is carried out exclusively by six stock broking firms which operate a gentlemen's closed shop. There is no physical trading floor. The six firms meet daily for a 30 minute callover of transactions. And according to one banker: "You never know where they are going to meet next."

Given the lack of good shares available and the fact that small individual Kenyan savers, who are well represented on the market, tend to hold on to their fixed assets, buyers vastly outstrip sellers.

But it is clear that the Government realises that long-term economic development will not be achieved without the equity and long-term finance that could be available from a better developed securities market.

In a determined effort to free up the market, capital gains tax has been waived on shares and a Capital Markets Development Authority is being established to create an enabling environment. Representation on the CMDA, which should start operating in June 1989, will be heavily weighted towards the private sector and the authority will act as a public forum.

It is hoped one of the first things it will do is abolish the power of the CIC over pricing of shares and allow companies to sell their equity according to the price established by market forces. It will also look at a whole range of fiscal, legislative and institutional impediments to the development of effective capital and secondary markets.

But in the meantime it is clear that indigenisation of capital and wider share ownership is very much on the agenda and public participation is already having a direct impact on those companies which have successfully floated shares.

Mr Mbiru believes this has been very beneficial to the bank. "It always amuses me and excites me when I travel around the country and I am stopped by someone who knows I am with the bank, and who holds 100 shares. He goes on to say such and such a market is now ripe for banking. He wants our bank to make profits there. Maybe his assessment is very subjective... but it is really very stimulating."

Moi strengthens position in party elections

KANU, Kenya's ruling party, completed nationwide party elections at the weekend, amid widespread allegations of ballot rigging and political manipulation, Julian Ozanne writes. The voting further consolidated the power of President Daniel arap Moi and Vice President Dr Josephat Karanja.

At a 3,400-delegate conference at Nairobi's Nyayo National Stadium to conclude six days of grassroots polls across the country, Dr Karanja was elected to the party's number two slot unopposed after the earlier announcement by Mr Mwai Kibaki, the former national vice president, that he would not defend his seat as vice president of Kanu.

Although Mr Kibaki succeeded in winning the important Kanu branch chairmanship in his home district of Nyeri his decision to stand aside gracefully is further evidence of his rapid decline in political status since he was demoted by President Moi from Vice President to Minister for Health after the national elections in March this year.

It also represents a realignment of power at the top of Kenyan politics with the emergence of Dr Karanja as more than merely a caretaker vice president.

The demise of Mr Kibaki, after a political career stretching back to before independence in 1963, comes as the culmination of a three year campaign to unseat him led by Mr Waruru Kanja, Minister for Information and Broadcasting, who is widely believed to have the support of the President.

Allegations have been made that candidates who were properly elected were replaced by party officials with lists of people drawn up before the election. In Mr Kibaki's own constituency of Othaya fresh polls were held after he claimed that the District Commissioner had substituted names for those of the winners.

AMERICAN NEWS

Dukakis camp left to ponder if a draw is enough

By Stewart Fleming, US Editor, in Winston-Salem, North Carolina

AMERICANS do not elect their Presidents on the basis of how good they are at the art of debating, which is fortunate for Vice-President George Bush.

If Monday night's first televised debate between the two US presidential candidates had been conducted at the Oxford Union rather than before 100m viewers, the verdict would have gone to Governor Michael Dukakis, the Democratic candidate, on points.

The Dukakis camp was not surprisingly, elated at what they saw as the outcome. Mr Paul Brountas, the campaign chairman, positively bounced into the bar of the Hyatt Hotel after the debate.

But Mr James Baker, the Vice-President's campaign manager, was probably right yesterday to hint that the celebrations in the opposition's changing room were premature.

"Political debates are not won on formal debating points, it's partly a matter of style as well as a matter of substance, a matter of how you come across. Even some voters who thought Governor Dukakis won on formal debating points would vote for Vice-President Bush," he added.

Mr Baker's judgment is shared by most political analysts. If he is right then his claims that the Bush team achieved its goals may prove to be the more accurate long-term assessment.

At times it turned nasty. Yesterday saw denials from campaign officials that the candidates were growing to dislike each other intensely.

Neither candidate committed any major political blunders that anybody has detected. This is something Mr Baker in particular will give thanks for — an American politican who can get the date of the Japanese attack on Pearl Harbour wrong as Mr Bush did last month can give advisers nightmares.

Mr Dukakis demonstrated that when it comes to being articulate on television, and to having an intellectual command of the details of domestic policy, he can leave Mr Bush trailing. But independent observers are loath to commit themselves too firmly on the question of whether or not there was a victor.

For one thing the debate is not yet over. In the next few days voters will be exposed not only to detailed analyses of the debate in the press. More importantly, they will continue to see televised film clips.

Many political consultants, including Mr Roger Ailes, Vice-President Bush's top media adviser, believe that this phase is more important than the debate and plan their strategy accordingly. Already yesterday this was paying off. Television replays focused on some of the best lines Mr Bush had prepared in advance.

"I'll make a deal with you. I will take all tha blame for those two incidents," Mr Bush responded when asked about his role in the arms-for-hostages deals with Iran, "if you give me half the credit for all the good things that have happened in world peace since Ronald Reagan and I took over from the Carter Administration."

"Why do you want to spend a billion dollars on something you call a fantasy and a fraud," he asked Mr Dukakis who has ridiculed the Star Wars Strategic Defence Initiativa while promising to cut spending on it from $4bn to $1bn.

Yesterday the Dukakis campaign was planning to focus attention on his concerns for middle and working class Americans — for example the lack of an adequate national health insurance scheme — and the foreign policy failures of the Reagan/Bush Administration, particularly its relationship with Gen Manuel Noriega of Panama who has been indicted in the US for drug dealing.

For its part the Bush strategy was to carry on suggesting that Mr Dukakis is a left-winger, outsida the mainstream of the Democratic Party.

Behind these decisions lie two opposing assessments of their candidates' strengths and weaknesses. The Bush campaign clearly believes that the American people are not warming to the dour Mr Dukakis.

The Dukakis team, meanwhile, have decided they cannot greatly change the governor's image because he is too stubborn. So they will continue to focus on substantive issues — the need for social reforms in such areas as health care, education, and housing and the importance of the role of government in stimulating reforms.

However, Mr Dukakis continues to have a problem offering a convincing explanation of how he will pay for these changes and what he will do about the Federal budget deficit. He may have improved his standing on Sunday night and the race may even tighten in the days ahead. But if he is to take command of the campaign from Mr Bush, a draw, which is the best he seems to have achieved in the debate, may not be enough and he could enter the second debate on October 14 or 15 needing to score a knockout.

Bush, left, shakes hands with Dukakis before the televised debate which at times turned nasty

Alfonsín attacks Peronist candidate

By Gary Mead in Buenos Aires

PRESIDENT Raul Alfonsin of Argentina has strongly criticised the opposition Peronist party, suggesting that it poses a threat to stable democracy.

He hinted that Mr Carlos Menem, the Peronist Presidential candidate, wanted to return Argentina to old-style corporatist politics, to the detriment of the nation. Argentina is dne to go to the polls to elect a new President in May 1989.

It appears that President Alfonsin is now beginning to put his weight behind the campaign to elect another President from among the ranks of the Radical Party after weeks of speculation that the Radicals were divided about the choice of Mr Eduardo Angeloz, governor of the province of Cordoba.

In a speech last week President Alfonsin called on the electorate to vote for what he described as the "serious man" and to reject the "frivolous man" in the election. While avoiding naming Mr Menem, it was evident Mr Alfonsin was instructing voters to consider Mr Angeloz as the "serions man".

President Alfonsin's latest attack on Peronism singled ont Mr Menem's pledge to rally the nation by appointing a trade union leader as Minister of Labour and a businessman as Economy Minister.

"This cannot be, this doesn't comply with anthentic democracy," said Mr Alfonsin. He warned Argeotines that "we either go forward or backwards". His andience of 500 women Radical Party delegates were left in no donbt abont which direction Mr Menem represented.

In recent opinion polls Mr Menem, governor of the province of La Rioja, leads Mr Angeloz by a wide margin of 15 percentage points. Bnt Argentina traditionally has a large number of floating voters, now apparently totalling nearly 30 per cent.

The crucial issne in the election is likely to be the Radicals' poor handling of the economy, with Mr Menem promising trade unionists substantially improved living standards.

US seeks to lower naval presence in Gulf

THE US is seeking to reduce its naval profile in the Gulf, Reuter reports from Washington.

US warships will oo longer shepherd American-flagged Kuwaiti tankers in formal convoys through the Gulf, officials were quoted as saying. Instead, ships would patrol zones in the Gulf, passing protection of a tanker from one zone to another.

Kuwait requested US protection in 1987 because its tankers were being attacked by Iranian patrol boats at the height of the war between Iran and Iraq, and US Navy convoy protection began in July 1987. But Iran has attacked no neutral shipping since the Gulf ceasefire went into effect on August 20.

Kuwait had been advised of the shift in tactics, the officials said. The Washington Post reported yesterday that Kuwait had asked US officials to consult it on each stage of US military reduction because peace talks are blocked.

Countdown starts for Discovery

THE countdown clock started to tick yesterday for returning Americans to space aboard the shuttle Discovery. AP reports from Cape Canaveral.

The countdown had been set to begin at midnight on Sunday but was postponed when launch pad workers fell behind in preparations. The National Aeronautics and Space Administration said that did not affect the goal of launching Discovery on Thursday in the first US manned space mission since Challenger exploded, killing the crew of seven.

Slower US growth forecast for 1989

BUSINESS economists expect slower US growth and higber inflation in 1989, with the possibility of a recession developing in the next two years, AP-DJ reports from New York.

Analysts surveyed by the National Association of Business Economists, forecast Gross National Product growth of 2.0 per cent in 1989 after adjustment for inflation, significantly slower than the 3.1 per cent expected for 1988.

Peruvian bank to pass out of state control

By Veronica Baruffati in Lima

THE Peruvian Government has taken the first step to return the Banco Wiese, a nationalised bank, to its original ownership by replacing an administration committee at the bank with two special delegates.

The Banco Wiese was one of 33 financial institutions affected by the American Popular Revolutionary Alliance government's nationalisation of banks in July 1987.

The outcry caused by the move meant that the nationalisation legislation never became fully effective. However, a handful of institutions had administration committees imposed on them. Banco Wiese is the last bank to have the committee removed.

"This is the first step towards normalisation," Mr Guillermo Wiese de Osma, the bank's original president, said in the Banco Wiese's head office in Lima. The two delegates will return the line of authority to the bank within 15 days.

However, Mr Wiese added, the Government would have to abolish the bank nationalisation law if it wanted to re-establish the bankers' confidence.

The bank's administration committee ceased to function in June this year.

Lima transport hit by strike

A TRANSPORT strike affecting thousands of commnters in Lima will continue in Peru this week, writes Veronica Baruffati.

The strike is in protest at increases of up to 1,000 per cent in the cost of spare parts, tyres and lubricants. According to the Drivers' Federation, which represents 380,000 private transport operators who provide 85 per cent of public transport in Lima, fare increases authorised by the Government in no way compensate for new running costs.

Owners of a 161,000-strong fleet of buses, mini-buses and pick-ups are asking for a fares increase of 600 per cent and a lower dollar exchange rate for importing spare parts.

Latin America move on debt

By Stephen Fidler in West Berlin

FINANCE ministers from the large debtor countries in Latin America have agreed in West Berlin to push forward a plan to reduce the significant debts owed by countries in the region to each other.

The meeting of the ministers, from Argentina, Brazil, Venezuela and Colombia, has cleared the way for a declaration on the subject by Latin American heads of state when they meet in Punta de la Este at the end of October.

While the four are the largest debtors in Latin America, they are also the biggest inter-regional creditors. Brazil alone has about $3bn to $4bn of official export credits outstanding to other states.

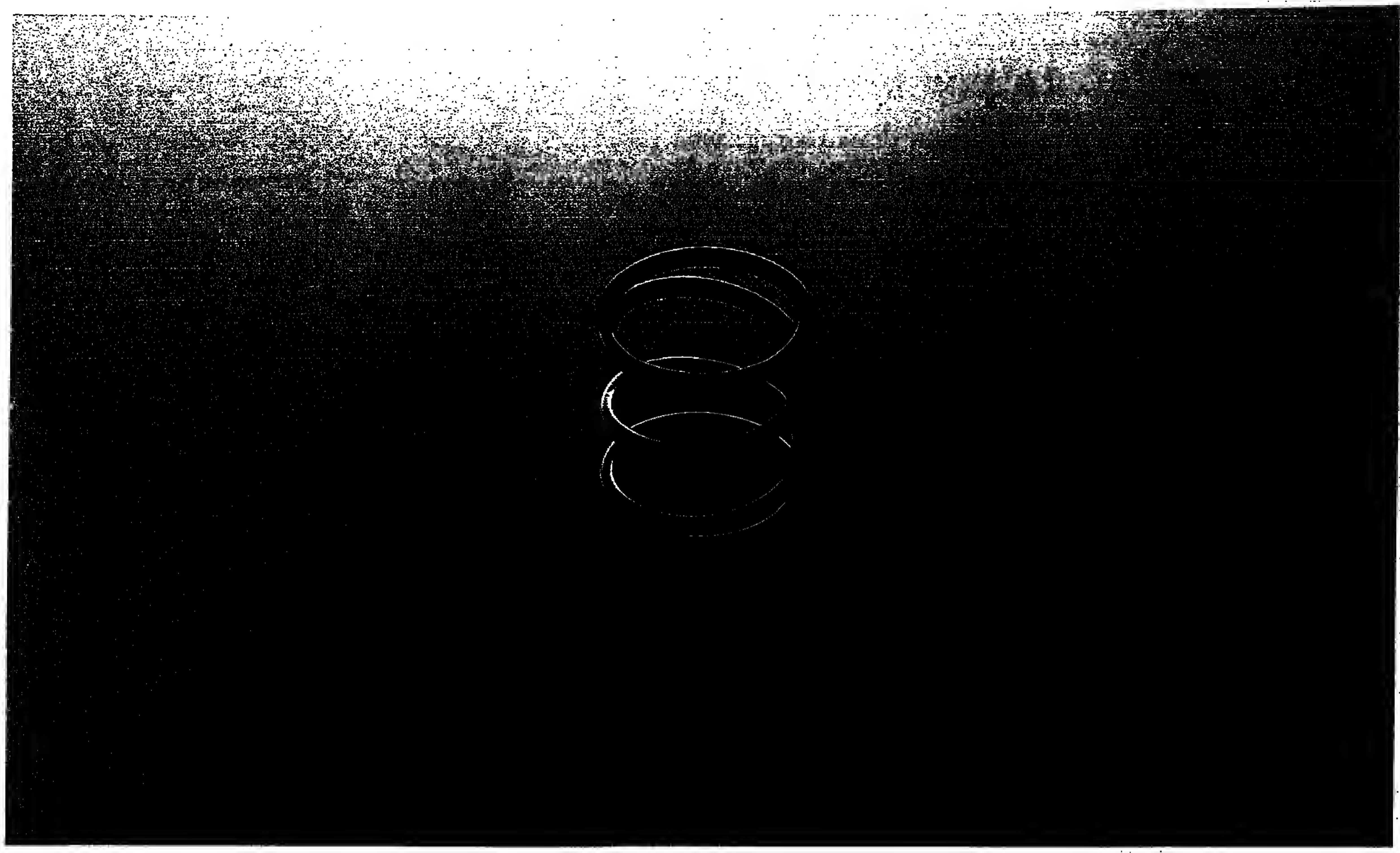
Uruguay, Colombia and Peru are also expected to join the programme which is expected to involve what amounts to the swapping of assets between countries.

A precedent was set by the reduction in Costa Rica's debt to Mexico engineered by the purchase by Costa Rica of Mexican loans in the secondary market at significant discounts to face value. The ministers have now established technical groups to explore the options which include the reduction of private as well as public sector debt.

Latin American countries have been pursuing debt reduction strategies, mostly relating to commercial bank loans, with varying vigour. Brazil, for example, expects to reduce its outstanding debt by 5 to 7 per cent this year.

Mr Mailson da Nobrega, the Brazilian Finance Minister, whose country formally declared an end to its moratorium on commercial bank interest bank payments last week, said debt reduction was one of three elements in the country's external financial strategy now that the signing of a commercial bank financial package was nearly complete.

The aim was to increase foreign project financing in Brazil: discussions have been held with the Japanese government and with the Italian government, for example.



BEDSPRING OR EGGCUP?

One in a million sees it as an eggcup. His name is Nick Munro.

He first encountered said bedspring while rummaging in the attic of his Chester home. Eureka!

Suddenly, in Nick's mind's eye, the rust encasing the bedspring seemed to peel away. He peered at the erstwhile humble object and saw it in a new light.

Burnished and silvery it was, adorning a tasteful breakfast table with a delicious, fresh boiled egg nesting neatly on top.

As alternative uses for other humble objects began to crowd his mind, so did the thought that people might actually buy them.

Nick wrote to Livewire, a scheme set up by Shell in 1982. Its aim is to help young people get their new business ideas off the ground.

At Livewire, Nick found practical advice on the nitty-gritty of premises, production, finance and marketing, the perfect counterweight to his flight of imagination.

Now Nick is in business as Munro & Co. Designer Tableware, numbering Harrods and The Design Centre among his outlets.

He's also this year's winner of the Livewire award as creator of the most enterprising new business idea we've encountered.

The Livewire scheme is open to people aged 16 to 25.

So, if you're another Nick Munro (or you know someone like him) write to Livewire, Freepost, Newcastle-upon-Tyne NE1 1BR.

If the idea is everything you think it is, you can be sure we'll provide a springboard.

YOU CAN BE SURE OF SHELL

WORLD TRADE NEWS

Threat of US import cuts hitting LDCs

By Peter Montagnon, World Trade Editor

DEBT-RIDDEN developing countries risk a further setback in their efforts to revive their creditworthiness by lifting exports, if the US cuts imports so as to reduce its own trade deficit, according to an internal study by the US Commerce Department.

The study – an analysis rather than a policy document – draws attention to the heavy dependence of leading debtors on exports to the US, particularly of manufactured goods.

Sluggish export growth among debtor countries has already impaired their efforts to recover from the debt crisis. "The heavy dependence of LDC debtors on the US market means that large reductions in the US trade deficit could have a major impact on the exports of Mexico, Brazil and other debtors," it warns.

Manufactured goods exports, mostly to the US, have been the only bright spot in a lacklustre trade picture, which left overall exports of highly indebted countries to the industrialised world at just $90bn in 1986 – well below the $98.4bn of 1980.

Preliminary estimates suggest a recovery of exports in 1987 to $102.9bn, but the report says a matter of particular concern is the uneven division of the performance.

The strong export achievements of Mexico and Brazil mask a substantial deterioration in the performance of the 15 other most heavily indebted countries, whose exports fell by 27 per cent from 1980 through 1986, says the study, which was prepared by the Commerce Department's Trade Information and Analysis Division.

The other 15 countries are: Argentina, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Ivory Coast, Jamaica, Morocco, Nigeria, Peru, Philippines, Uruguay, Venezuela and Yugoslavia. These, with Mexico and Brazil, account for almost half of all LDC debt. US imports of manufactured goods from these countries increased by $11bn from 1980 through 1986, and the increase was particularly strong in the cases of Mexico and Brazil, the study says. EC and Japanese imports of manufactures from the same group grew by only $1.8bn and $1.6bn respectively.

Moreover, growth of debtor exports of manufactures has been concentrated in products most vulnerable to protectionist curbs, such as motor vehicles and parts, clothing, footwear, iron and steel, it says.

A protectionist solution to the US trade problem would "seriously affect" debtor exports and could lead to an intensification of the debt problem, but this scenario might be averted if the US were able to tackle its own trade deficit by increasing exports rather than by reducing demand for imported goods.

That in turn would require "robust and prolonged" economic growth in Europe and Japan, fuelled by domestic demand as well as an increase in the low US savings rate.

Rebuilding contracts delayed in Iran

By Kamran Farzel In Tehran

DIFFERENCES among Iranian officials over reconstruction policies meant that few solid agreements were reached by the foreign companies with stands at Tehran's International Trade Fair, which ended at the weekend. Businessmen said they were still waiting to see what priorities Iran would adopt in its reconstruction.

British companies had the second largest foreign presence, after that of West Germany. More than 60 UK companies were represented. The majority of British companies were highly specialised and 90 per cent had previous experience in Iran. Businessmen of many nationalities held talks with the Government and private Iranian companies.

The event attracted more visitors than any commercial fair in Iran since the 1979 revolution.

Reuter reports from Kuwait: The Kuwait Fund for Arab Economic Development is ready to help finance rebuilding Iraq after the destruction of eight years of war with Iran, Mr Badr Mishari al-Humaidhi, the fund's director, said in remarks published yesterday.

Divorces made by advances in the heavens

Peter Marsh examines the future of commercial satellite consortia

IF THERE were corporate marriage guidance counsellors, at the head of the queue to talk to them would be companies from the commercial satellite business.

The industry comprises a handful of giant companies such as Hughes Aircraft and Ford Aerospace from the US, British Aerospace and France's Aérospatiale, plus dozens of specialist subcontractors.

These companies are forming themselves increasingly into consortia to bid for the biggest contracts, often worth $500m or more, awarded every few years by the big publicly-owned international bodies that buy commercial satellites, largely for telecommunications and television transmission.

Total spending on such space vehicles is relatively small – no more than a few hundreds of millions of dollars a year – which is why bidding for the big contracts is particularly feverish.

The tight competition in the satellite construction business is one reason for the high rate of divorce and remarriage among participants in the consortia that build the hardware.

According to Mr Rodney Buckland, a UK space industry consultant, companies are more and more alert for new partners that could bring into a group extra skills and produce a competitive advantage. There is no compunction about dropping partners.

The most important international organisations that buy communications satellitee include Intelsat, which runs a network of space vehicles for telephone calls and data traffic, and Inmarsat, which is responsible for channelling ship-to-shore communications.

Other significant purchasers of commercial telecommunications satellites include individual governments and a few big companies, mainly from the US and comprising groups such as GTE and AT&T, which run their own services.

The shifts in alliances are illustrated by the recent announcement of a $394m contract by Intelsat to a consortium headed by Ford Aerospace. The order, which involves the building by the mid-1990s of five of a new generation of Intelsat-7 satellites, will generate work for Alcatel of France and Mitsubishi Electric of Japan, the two other members of the Ford team.

A Ford-led consortium last won an Intelsat order in the mid-1970s, when the group was chosen to build 15 Intelsat-5 and Intelsat-5A satellites worth about $800m. Although Mitsubishi was a member of that team, the other participants – Britain's Marconi, Messerschmitt-Bölkow-Blohm of West Germany, Thomson and Aérospatiale of France and Italy's Selenia – have been dumped.

An overriding factor behind the changes of partners in satellite building is the pace of technical change.

Satellites are becoming bigger and heavier – vehicles of more than two tonnes are becoming common, while 10 years ago they were generally well under 1 tonne – as a reflection of their need to carry more antennas and consume larger amounts of power.

The electronic parts on the space vehicles are increasingly complex because of the requirement to carry more radio signals and to direct them to smaller and less expensive satellite dish aerials on the ground.

Due to the growing importance of electronics systems, the opportunities for relatively small and specialist companies in these fields are increasing. So there will probably be a bigger role in the satellite building business of the 1990s for the Japanese electronics industry, through such as Mitsubishi, Sony and NEC.

More competition in satellite construction looks inevitable, which is partly a factor of a greater desire to cut costs by the big publicly-owned satellite operators. These are having to become more efficient because of rival international communications services set up by operators of fibre-optic cable networks and by private sector satellite concerns such as PanAmSat and Orion of the US and Europe's Astra.

Who will be the winners and losers in the 1990s? It is generally assumed that the big US satellite construction companies such as Hughes, Ford and General Electric will always be at an advantage, compared with European rivals, due to their ability to integrate their commercial space work with big satellite building orders by the US Defence Department.

Most of the European companies continue to jostle for position in the consortia merry-go-round but some have concluded that a more profitable part of the satellite business may lie not so much in building telecommunications spacecraft as in operating them. BAe, in particular, is anxious to break into this role, although there remains he question of government regulations on provision of communications services.

RECENT LARGE CIVILIAN SATELLITE ORDERS

Main contractor	Customer	Satellite system	Cost	Date of contract award
Aérospatiale (France)	Eutelsat	Eutelsat-2	$165m	May 1986
Spar Aerospace (Canada)	*Telesat-Canada*	*Anik-E*	*C$200m*	*Oct 1986*
British Aerospace	Nato	Nato-4	£100m	Jan 1986
Hughes Aircraft (US)	British Satellite Broadcasting	TV broadcasting system	$300m*	June 1987
General Electric (US)	Geostar	Satellite navigation system	$100m	Oct 1987
Matra (France)	French Government	Telecom-2	FF3.5bn	Dec 1987
British Aerospace	Inmarsat	Inmarsat-2	$66m	April 1988
Ford Aerospace (US)	Intelsat	Intelsat-7	$394m	Sept 1988

*includes launch cost

Source: Euroconsult and industry sources

EC foreign ministers bristle over US trade

By Tim Dickson in Brussels

FOREIGN MINISTERS of the European Community yesterday affirmed their intention to defend the EC's "legitimate rights", if its interests were affected by the US Trade Act.

A statement endorsed by all 12 member states at a meeting in Brussels expressed "serious concern" at the protectionist potential of the Act, "as well as those provisions which could lead to greater recourse to unilateral measures by the US which would be inconsistent with our common commitment to the multilateral trading system".

EC diplomats stressed yesterday that the ministers were simply taking advantage of their first formal opportunity since the passage of the Trade Bill to record their response to the new US legislation.

● At the formal signing of the new EC-Hungary agreement yesterday, Mr Theodoros Pangalos, Greek Foreign Minister and President of the EC Council of Ministers, said it put "the final touches to the normalisation of our relations." The agreement provides for the gradual removal of the quantitative restrictions which limit the access of Hungarian exports to the Community market. Most observers, however, say that its main significance is political, reflecting the improved relations between the EC and eastern Europe.

Brel wins Indian contract

By Lynton McLain

BRITISH Rail Engineering (Brel), the locomotive and rolling stock maker the UK Government wants to privatise, has won a £30m order from India for passenger coaches. The contract price was subsidised heavily by the UK Government.

The Trade and Industry Department and the Overseas Development Administration gave financial support equivalent to between 30 per cent and 40 per cent of the total contract price.

The order is for 42 Brel-designed passenger coaches to form two air-conditioned express trains for prestige routes. Also, Brel is to transfer to India the technology for making the coaches.

A similar contract was signed between Brel and China two years ago for the purchase of three passenger coaches and the transfer of manufacturing technology. This was worth £5m to Brel.

Lazard Brothers merchant bank is working on the sale of Brel for the UK Government, talking with several international manufacturing groups. These include General Motors of the US, and Mitsubishi and Kawasaki of Japan.

Bell Canada takes Moroccan telecom job

By Robert Gibbens *in Montreal*

BELL CANADA International of Ottawa has won a C$212m (£104.4m) contract to supply equipment for the first stage in the modernisation of Morocco's telecommunications.

The contract, financed by the Federal Export Development Corporation, covers digital telephone switching equipment for the Moroccan National Post Office, and will more than double the network's capacity. BCE will manage installations and train personnel. Canada will be the source of the equipment.

● A consortium of 32 international telecommunications carriers has signed the go-ahead for construction of a trans-Atlantic fibre-optic cable costing about US$360m. It is due in operation in 1991 and will multiply the capacity for trans-Atlantic communications, both voice and data, by many times.

Technology developed by MPB Technologies Inc, Montreal, for undersea branching multiplexers has facilitated a considerable cost reduction.

Contractors for the fibre-optic and other principal equipment are AT&T, Standard Telephones and Cables, and Submarcon of France.

Italo-Swedish phone venture under way

By John Wyles in Rome

A NEW Italo-Swedish consortium has been set up to manufacture a range of mobile telephones, to be marketed in Italy from next year.

The partners – Italtel, the Italian state-owned telecommunications manufacturer, and Ericsson of Sweden – envisage a demand over the next two to three years for more than 200,000 units to be marketed by Sip, the national telephone company.

The agreement, signed in July and now operational, will enable Sip to overcome problems caused by the saturation of the 450 MHz band by offering the cellular TACS system of 900 MHz, which has been developed by Ericsson. It is seen as a way to fill the gap until the arrival in the early 1990s of a pan-European numerical system, which has still not yet been agreed.

The consortium comprises Italtel and Fatme, the Italian subsidiary of the Setemer-Ericsson group, and will take care of the supply of mobile phones and of the functioning of the network.

Italtel stresses that the agreement in no way prejudges the choice of an international partner for collaboration in broader telecommunications developments.

UK NEWS

Court ruling on insider deal 'leaves legal gap'

By Richard Donkin and Raymond Hughes

THE LAW on insider dealing would be left with an "enormous gap" unless a previous court interpretation of it in April was overturned, Sir Patrick Mayhew, the Attorney General, argued in the Court of Criminal Appeal yesterday.

The ruling by a senior regional (crown) court in Southwark, south London, hinged on the intepretation of a single word in the 1985 Company Securities (Insider Dealing) Act.

Sir Patrick had referred the case to the appeal court because of the possible effect of the decision on the Government's attempts to curb insider dealing.

The Department of Trade and Industry, which prosecutes insider dealing, has about 30 other cases before the courts, being investigated by inspectors or under consideration. The Appeal Court verdict could be crucial to the outcome of some of them and to future insider dealing prosecutions.

Sir Patrick challenged Judge Gerald Butler's interpretation of the word "obtained" when he directed the jury to acquit Mr Brian Fisher, a London businessman, on two insider dealing charges.

The three appeal judges, headed by Lord Lane, the Lord Chief Justice, said they would give their decision on the point of law at a later date.

Their ruling will not affect Mr Fisher's acquittal.

Mr Fisher, 38, was the first person to fight a Department of Trade prosecution under the Act. He was alleged to have bought 6,000 shares in Thomson T-Line just hours before the announcement of a takeover bid, on the strength of unpublished price-sensitive information he had obtained.

The case centred on the definition of the word "obtained" in Section 1(3) of the Act which makes it an offence for someone to deal in shares on the basis of unpublished price-sensitive information "which he knowingly obtained (directly or indirectly) from another individual..."

The crown court judge upheld a defence submission that Mr Fisher had no case to answer because he had been given information, unsolicited, by a director of Kleinwort Benson, the company's legal adviser.

He decided Mr Fisher had been given the information "without any opportunity for him to prevent that information being passed on."

The judge based his findings on the Shorter Oxford English dictionary definition of the word "obtain" which he held did not mean to "accept or receive" but meant "to procure or gain, as the result of purpose and effort."

Sir Patrick said yesterday that Parliament intended the word to have a wider meaning within the legislation.

The Department of Trade's Conduct of Company Directors policy paper of 1977, outlining proposals for future legislation, said: "The Government proposes that anyone who receives information ... should also refrain from dealing."

When the 1985 Act was drafted, the word used to describe the transition of information had become "obtained." But, Sir Patrick argued, had the Government intended it to mean anything more precise than "received" it would have included some form of explanation.

"To get wind of would be an apt illustration of the usage," said Sir Patrick.

"The command paper makes no indication of any kind that it is the intention of Parliament to spare any person who deals having fortuitously come by information which he knows has all the qualities which make it tainted."

He believed it had never occurred to the draftsman working on the legislation that the word could be construed in its strictest definition.

Mr Richard Ferguson, barrister for Mr Fisher, said if Parliament had intended the Attorney General's interpretation it could easily have said so. If such an interpretation were adopted, he argued, it would enable somebody with first-hand insider knowledge to place an embargo on an individual's dealing by passing on the knowledge.

"It is the dead hand put on any dealing by the involuntary recipient of the phone call," he said.

David Steel (left) and Paddy Ashdown during the voting yesterday on the party's new name

Liberals fail to lie down under Ashdown's Democratic banner

By Michael Cassell in Blackpool

IN A LAST, glorious orgy of self-indulgence, the Social and Liberal Democrats yesterday voted to adopt the popular title of Democrats. The only problem was that the choice proved anything but popular with 16 of the party's 19 Members of Parliament.

After an impassioned debate, which summoned up powerful political allegiances and drew dire warnings about the final eclipse of Liberalism and the inevitable loss of valuable seats, the party's conference at Blackpool decided against dubbing its new creation either the Liberal Democrats or the SLD. It also rejected a democratic ballot.

Instead, representatives opted for Democrats, with a proviso enabling local party organisations to pick which bits of the constitutional title they like best.

The compromise decision met with immediate approval from Mr Paddy Ashdown – the party leader and the only former Liberal MP to favour the Democrat option. He said an early decision had been essential and that the dissidents would have to accept it. His own constituency, however, intends to fly the Liberal Democrat banner.

Within minutes, the party was overrun by confusion, at the centre of which stood its own parliamentary team.

Mr Alan Beith, who lost to Mr Ashdown in the leadership contest, said he would not answer to the name Democrats in the House of Commons.

Describing himself as a Liberal who was now a member of the Social and Liberal Democrats, he added: "You cannot make individuals into something they are not."

Mr Alex Carlile, MP for Montgomery, said he would be happy to be called a Democrat, but not in his own constituency. Sir Cyril Smith, the MP for Rochdale, also emerged as a "local variation" and said he would be calling himself a Liberal Democrat.

Mr Jim Wallace, the party's parliamentary manager, who had prepared himself for a long day by first attending a "unity and love" fringe session, last night met his MPs to confirm that the parliamentary party would not adopt the Democrat title but stick to the full party name.

In the midst of the confusion, one last-minute alternative was suggested by Lord Tordoff. He retorted: "I am a Stalinist Democrat."

Nuclear defence the test for unity

ONE OF the main tests of the Democrats' ability to sink old differences and unite will be the issue of nuclear defence, which has not found its way on to the Blackpool agenda.

Mr Ashdown claimed earlier this week that defence had not been avoided deliberately, but no constituency party had put down a motion on the subject.

Even so, there will be great relief that the issue will not be raised until more detailed thinking has been done.

Emphasising the deliberative – some members would say interminable – character of the party's policy-making process, the federal policy committee has signalled the establishment of a working group to examine East-West relations and their security implications. A paper will be discussed at the next conference.

Although he could be accused of pre-empting the outcome and risks a tough fight with a vociferous Liberal element within the party, Mr Ashdown has this week been reiterating his belief that a Democrat government, inheriting a Trident missile system, would retain it for as long as necessary. It would, however, expect to put it quickly into multilateral arms reduction negotiations.

Thatcher's insularity on Europe condemned

By John Mason

A VISION of the European Community with a common currency, central bank, and with social issues high on the agenda was embraced by delegates yesterday, who strongly condemned Mrs Margaret Thatcher, the Prime Minister, for her "insular narrow-mindedness" towards Europe.

Debating a discussion paper on Europe, Mr Roger Liddle insisted: "We do not see 1992 as the vehicle for the imposition of Thatcherism on the rest of Europe."

Mr Liddle – a member of the working party that produced the paper – said the EC had to co-operate on effective common macro-economic policies.

Monetary co-ordination had to be introduced with the creation of a European central bank and common currency the inescapable result.

He was applauded enthusiastically when he welcomed statements by Mr Jacques Delors, president of the European Commission, which put social issues on the EC's agenda.

Mr Liddle said that national sovereignty had to be pooled for the development of effective policies on external trade and aid, East-West relations, and the environment.

But he said the accountability of the European Parliament and other EC institutions had to increase, as integration took place.

Mr Alex Carlile, – the Democrats' new European affairs spokesman – said the Prime Minister's speech in Bruges demonstrated that she did not understand why Europe was important.

"Commitment does not mean weakness. It means partnership to a common end. It will continue to have its stresses and strains, but those will be solved by understanding each other's national aspirations, not by confronting them."

Sir Russell Johnston said Mrs Thatcher was an "instinctive nationalist," whose portrayal of a centralised Europe was deliberately misleading people.

He accused her of damaging relations with other member states by her "limited negative and irrational" directness and honesty.

Tory ministers set to jockey for public prominence

Peter Riddell looks forward to Brighton

THE Conservative Party conference is not just a platform for a triumphal address by Mrs Margaret Thatcher and for ministerial statements. The gathering, which convenes in the south coast resort of Brighton on October 11, also provides an opportunity for senior Tories to jockey for position and prominence.

These manoeuvrings occur not only in the conference hall but in a series of fringe meetings – even if not quite on the scale of Blackpool 25 years ago when Harold Macmillan's resignation led to Lord Hailsham throwing his hat and ermine into the ring at a packed rally when he renounced his peerage.

To judge by the agenda for the Brighton conference, which was published yesterday, the man to watch this year is Mr Douglas Hurd, the Home Secretary. Not only does he face the usual tricky debate on law and order – the topic which has attracted twice the number of motions of any other subject – but he is also addressing more fringe meetings than other ministers. These include the Union of Muslim Organisations, the Society of Conservative Lawyers (talking about more efficient policing) and the Tory Reform Group, where he will be offering, intriguingly, Thoughts for the Fourth Term.

Mr Hurd has recently been adopting a distinctly higher public profile – several speeches, an interview on the first programme of BBC's new weekly political series On the Record and another on Panorama, the BBC'S flagship weekly political spot, in a fortnight.

The official explanation is that Mr Hurd has a lot to say – preaching the message of the 'active citizen' and personal responsibility. He believes that it is necessary to go out and sell the Home Office's policies. Politicians have a role in giving a lead towards greater voluntary effort from individuals – which is the key to the active citizen theme.

However, all this activity is bound to lead to other, less high-flown, speculation about Mr Hurd's ambitions. His friends naturally deny any such thoughts. Like everyone else, he believes that Mrs Thatcher will carry on well into a fourth term in the mid-1990s, by which time Mr Hurd, now 58, will be too old to succeed. Yet, with Lord Whitelaw retired, Mr Hurd is to some extent the inheritor of his mantle and the paternalist tradition he came to represent. He can also appeal to mainstream Tories now that Sir Geoffrey Howe's time at the top may be coming to an end.

In the short-term Mr Hurd wants to make sure his approach is to the fore. The active citizen theme is very much in line with Mrs Thatcher's views. Civic and social responsibility is expected to feature in Mr Kenneth Baker's speech on implementing the education reform act and in Mrs Thatcher's own closing address.

If Mr Hurd may take much of the limelight in Brighton, other ambitious Tories will also be active. Mr Baker is due to address two fringe meetings, as is Mrs Edwina Currie, the Health Minister and best-known parliamentary under-secretary; Mr Peter Walker, the Secretary of State for Wales, will be making his annual statement of beliefs under the title of My Kind of Tory Party, while Mr Michael Heseltine, the former Minister of Defence who stormed out of the portfolio over the Westland helicopter saga, will be busy trying to keep in the public eye under the loyal-sounding title Building on Success.

Deliberately absent from a public role is one of the other rising stars – Mr John Major, Chief Secretary to the Treasury. He will be busy behind the scenes in his hotel room in discussions with cabinet colleagues about the public spending review – perhaps the most important activity in Brighton all week, both for his and the Government's future.

The public highlight, however, promises to be on October 13, when the Committee for a Free Britain is planning a Margaret Thatcher Birthday Spectacular – a buffet and disco evening featuring Lord Young and Mr Richard Perle, the former US defence under-secretary, more widely known as the prince of darkness.

King seeks fair and just government of Ulster

By Our Belfast Correspondent

MR TOM KING, Northern Ireland Secretary, yesterday launched a strong attack on the IRA and stressed that political progress was a vital component in the battle against terrorism.

In an address to the Institute of Directors in Belfast, Mr King said that it was the Government's aim to establish a basis for government in the province which was fair and just, respecting the rights of the majority and ensured fair treatment for minority views.

Mr King said: "There is no future for Northern Ireland as an economic wasteland; no future for Northern Ireland through terrorism; and no future in a political vacuum."

On security, Mr King said additional weapons from Libya had increased the threat posed by the IRA whose campaign was aimed at "crushing the democratic process and smashing anybody who does not agree with them."

He added: "The great fallacy is to talk about British withdrawal without even stopping to accept who the British are. There are 1m unionists who are British and intend to remain so, and yet the whole republican case is to pretend either that they do not exist, or that their beliefs are somehow easily set aside, and not as deeply held as Irish republican views.

"What has destroyed totally this argument is Article 1 of the Anglo-Irish Agreement. The British Government has always maintained that the status of Northern Ireland must be determined by the wishes of a majority in Northern Ireland."

Mr King said that the IRA wanted to make people think that "anything would be better than continued killing" and the IRA's "anything" was a united Ireland dominated by the Provisionals.

He said: "It will not happen. The Government of the UK, the people of the UK, most of all among them, the people of Northern Ireland, will not allow it to happen, nor will the Republic be prepared to see their institutions taken over at the point of a gun. What a tragedy that, 20 years on, the terrorists have still not understood this."

Dublin angry over dropped charges

By Kieran Cooke in Dublin

A SERIOUS row between the British and Irish governments seemed inevitable yesterday after charges of illegal killing were dropped against a soldier who shot dead a Roman Catholic in the border village of Aughnacloy in February.

The Irish Government used uncharacteristically blunt language criticising the decision and expressed "surprise and deep concern" at it.

At the same time, it implied that the decision could affect extradition procedures between the republic and the UK.

A lawyer representing the Director of Public Prosecutions in Northern Ireland said the evidence in the case did not warrant continuation of the prosecution.

The soldier had said his gun had gone off accidentally, killing 23-year-old Mr Aidan McAnespie as he walked along a road 200 yards away from the soldier's border post.

The Irish Government said it had not been given any indication why the decision to drop charges had been made.

"The decision must affect public confidence in the rule of law in Northern Ireland," it said.

"The Government view this latest decision against the background of a number of other developments in this area and in particular the decision taken last January that members of the Royal Ulster Constabulary should not be prosecuted for criminal offences 'in the public interest'."

It said it would be making inquiries about this latest judicial decision.

Its statement talked of "the implications for legal arrangements between the two jurisdictions."

Tighter rules outlined for alcohol advertising

By Lisa Wood

THE ADVERTISING Standards Authority, the industry watchdog, yesterday published new rules which seek to strengthen controls on the advertising of alcohol.

The Independent Broadcasting Authority, which regulates advertising on television, will publish its revised codes tomorrow. This will coincide with a meeting of the Government's Ministerial Group on Alcohol Misuse which asked the ASA and the IBA to take a fresh look at their codes. It asked them to pay particular attention to young people.

The ASA and IBA have made a particular effort to clarify who they mean by young people. The ASA, for example, says that people used in alcohol advertisements should be aged 25 years and over.

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FT11

UK NEWS

Industry expects demand to remain buoyant

By Simon Holberton, Economics Staff

HIGHER INTEREST rates appear to have had little effect on British industry which expects output and demand to remain at the buoyant levels of recent months.

The monthly trends survey of the Confederation of British Industry, the employers' body, published yesterday, also indicates that manufacturers expect export orders to improve.

Factory-gate prices, however, are forecast to rise, with the highest number of respondents indicating they intend to increase their prices since the CBI's survey in April.

The survey, which was delayed because of the postal strike and brings together responses from 1,295 companies, offers little evidence of a moderation in the growth of output and demand. As such it is in line recent official figures which have underlined the rapid expansion of the British economy.

Mr David Wigglesworth, chairman of the CBI's economic situation committee, said that although manufacturers remained optimistic about the prospects for the coming months "the high level of interest rates will inevitably affect their ability to sell competitively in both home and export markets."

He said that sharp swings in the exchange rate could jeopardise plans by companies for future production and investment. Many were having to cut their profit margins in order to maintain export volume, although the "substantial improvement" in UK manufacturing productivity had helped companies make up lost ground in foreign markets, he said.

Twenty-nine per cent of companies said their order books were above normal and 14 per cent below normal, giving a balance (which measures the trend) of +15 per cent. This compares with a balance of +17 per cent in August.

A balance of +31 per cent of companies expect to increase output over the next four months. This compares with +35 per cent in August and is in line with the trend of the past five months. A balance of +2 per cent of companies expect to increase orders. This compares with -2 per cent in August, but is in line with the trend, for the most part, since April.

A balance of +26 per cent of companies expect to raise prices over the next four months, compared with +22 per cent in August.

Guinness case set for transfer to Old Bailey

By Raymond Hughes, Law Courts Correspondent

SIX of the seven men charged with criminal offences in the Guinness affair yesterday made what is likely to be their last appearance at Bow Street magistrates court in London before the case is transferred to the Old Bailey.

The case was adjourned until November 21, but it is possible that it will be transferred before then, under regulations due to come into effect on October 31.

The regulations, made under amendments to the 1987 Criminal Justice Act, enable cases of alleged serious crime to be transferred to the Crown Court without going through the usual committal for trial procedure before magistrates.

The six, who were remanded on bail, were told they would not have to attend court on November 21. They were Mr Ernest Saunders, former Guinness chairman, Mr Gerald Ronson, chairman of the Heron Corporation, Sir Jack Lyons, the millionaire financier, Mr Roger Seelig, the former Morgan Grenfell corporate finance director, Lord Spens, former head of corporate finance at the Henry Ansbacher merchant bank, and Mr Anthony Parnes, a former London stockbroker.

The seventh man charged, Mr David Mayhew, senior corporate finance partner of stockbroker Cazenove & Co, is due back in court on Friday.

The charges arose from investigations into the Guinness takeover of Distillers, the whisky group.

Charges against the six have been restructured, with certain of the defendants linked together in relation to certain alleged offences. The substance of the indictments remains the same.

As a result Mr Saunders now faces 46 charges instead of 42 and Sir Jack Lyons 11 instead of nine. Mr Seelig still faces 19 charges, Mr Ronson eight and Lord Spens four.

The prosecution yesterday withdrew five of the 19 charges against Mr Parnes which had accused him of obtaining property by deception.

Counsel for several of the six accused who were in court yesterday asked Mr Ronald Bartle, the magistrate, for an earlier date than November 21.

Mr Michael Sherrard, advocate for Mr Ronson, pointed out that the charges had been "hanging over their heads" for a long time.

Mr Bartle said that the transfer could take place at any time after October 31 "and hopefully will take place before November 21."

Mr Robert Harman, advocate for Sir Jack Lyons, questioned the need for substitute charges to be made when the material on which they were based remained materially the same.

The vital question, said Mr Harman, was what form the trial would take and how many of the accused would be tried at the same time.

Mr Victor Temple, prosecuting for the Serious fraud Office, said that that information would be given "as speedily as possible."

House price rises slow sharply nationwide

By David Barchard

THE RATE of increase in house prices has fallen dramatically across the UK, according to the latest quarterly survey of the Royal Institution of Chartered Surveyors.

The report, published today, is based on a survey of 97 estate agents in England and Wales. It says that house price rises slowed in most parts of the country during the last quarter and that even in areas where house prices are still rising, surveyors expect the boom to be over by the end of this year.

The survey provides striking confirmation of earlier claims by other sources that the housing market has begun to cool down since July. Last week the Building Societies Association's monthly figures for August showed that new lending commitments during that month had fallen by a quarter.

Nearly a quarter of estate agents in the survey reported prices increases of between only 5 and 2 per cent during the last quarter, while as many as 13 per cent said there had been no change.

In some areas, particularly the north and some parts of south-west England, demand for houses still outstrips supply. However, these are the exception and several agents in the north detect signs that the market is faltering.

Conditions in the south east are described as very quiet. One London estate agent says that sellers are being forced to accept purchases which they would probably have turned down before June, while another claims that prices will stabilise at present levels for the foreseeable future.

Agents say that several factors have combined to slow house prices. These include the ending of multiple income tax relief on mortgages, sharp increases in mortgage rates, and a quiet holiday period.

Peugeot output up 51% in strong first half for car industry

By John Griffiths

PEUGEOT car production in the UK jumped 51 per cent in the first six months this year as total car output rose to its highest first-half level since the late 1970s.

The figures emerged as Mr Geoffrey Whalen, managing director of Peugeot's UK subsidiary, prepared to tell a Paris motor show audience last night that the UK industry had overcome its "indifferent reputation" and that further production expansion was in sight. He was speaking in his capacity as president of the Society of Motor Manufacturers and Traders (SMMT).

Mr Whalen warned, however, that the UK industry needed to raise exports if it was to defuse mounting Government concern over the industry's balance of trade deficit.

The deficit was just under £4bn in the first five months of this year alone. SMMT production statistics show that the output of cars for export actually fell in the first half. This was mainly because the demand for new cars in the UK was far greater than expected. UK manufacturers were unable to meet demand and multinationals such as Ford and Vauxhall shipped in many "captive" imports.

The SMMT's statistics show that 626,235 cars were made in the first half, up 7.3 per cent on 585,305 a year ago. Commercial vehicle production rose even more strongly, by 21 per cent to 148,671.

Production in both sectors would have been higher but for the strike at Ford plants earlier this year which cost some car and light commercial vehicle output.

Vehicles built at Nissan's plant at Sunderland are included in the statistics for the first time. The plant produced 24,880 Bluebirds in the first half.

Peugeot Talbot's own output from its Ryton plant, near Coventry, was 39,774 compared with 26,334 in the same period last year. The plant is working at capacity and Peugeot is considering substantial investment to expand.

Ford was alone among the volume manufacturers in seeing production fall, to 179,221 cars from 209,308. Performance is, however, expected to improve considerably next year and the company may even resume exports to continental Europe.

Although Rover Group is a distant second to Ford in UK sales, the group increased its lead over Ford in production, with an output rise of just under 10 per cent from 227,742 to 250,178. Vauxhall's output rose by 8 per cent to 102,158 cars.

The UK's specialist car industry continued to make modest progress with increased production from all except the Tamworth-based Reliant and Aston Martin, which is now controlled by Ford and has been preparing for the launch next month of its first all-new car for more than a decade.

Production of Reliant's SS1 sports car dwindled to only 118 in the first half from 126. The car is, however, the subject of a joint venture with a US group which will see it redesigned and launched in North America.

Luxury carmaker Jaguar saw output rise from 23,655 to 27,479 during the half, while Lotus made 607 cars compared with 454 in the equivalent period last year.

Light commercial vehicle output rose 20.5 per cent at 111,191 while that of rigid trucks as up by 28.9 per cent at 22,629 and articulated trucks up 29.3 per cent at 3,313.

The production of commercial vehicles for export increased by 46.6 per cent to 31,199.

Britain urged to launch study on impact of climatic change

By Richard Tomkins, Midlands Correspondent

BAD WEATHER is costing Britain more than £1bn a year in insurance claims and lost industrial production, according to research about to be published by Birmingham University.

The report gives a warning that these costs will escalate still further if Britain's climate is altered by the greenhouse effect – the predicted warming of the earth's atmosphere.

Its authors urge Britain to join other countries such as the US, Canada, Japan and Australia in launching a programme of intensive research into the national impact of climatic change.

Birmingham University's atmospheric impacts research group bases its findings on reports by 40 experts on energy supply, water supply, construction, transport and insurance.

It says insurance claims from weather-related damage to property come to an average of £800m each year and lost indnstrial production adds a further £200m.

Half the £1bn annual total could be saved by better weather-proofing of premises and more effective use of existing weather information. Finer detail in weather forecasting could save money on road salting, for example, and improve the match between electricity generation and demand.

To save the other £500m, however, more needs to be known about the likelihood of extreme weather conditions such as the storm that swept the south of England on October 16 last year.

The report says the frequency of these costly events will almost certainly change as a result of the greenhouse effect.

There are signs, say the authors, that Britain's climate may be 3 degrees Celsius warmer in 50 years. If rainfall were unchanged, the loss of water through increased evaporation could make droughts such as the one in the summer 1976 more common.

The Impact of Climatic Variability on UK Industry. Atmospheric Impocts Research Group, University of Birmingham, PO Box 363, Birmingham B15 2TT. Single copies free.


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These suppliers have won the Ford Quality Award. But the real winner is you.
Ford European Q1 Quality Awards are reserved for the few – those special suppliers who achieve the highest performance against Ford's rigorous quality standards. In short, higher quality for you, the customer. 64 suppliers have already joined this elite. Now here are 30 new winners. Congratulations to them all. Ford salute them.
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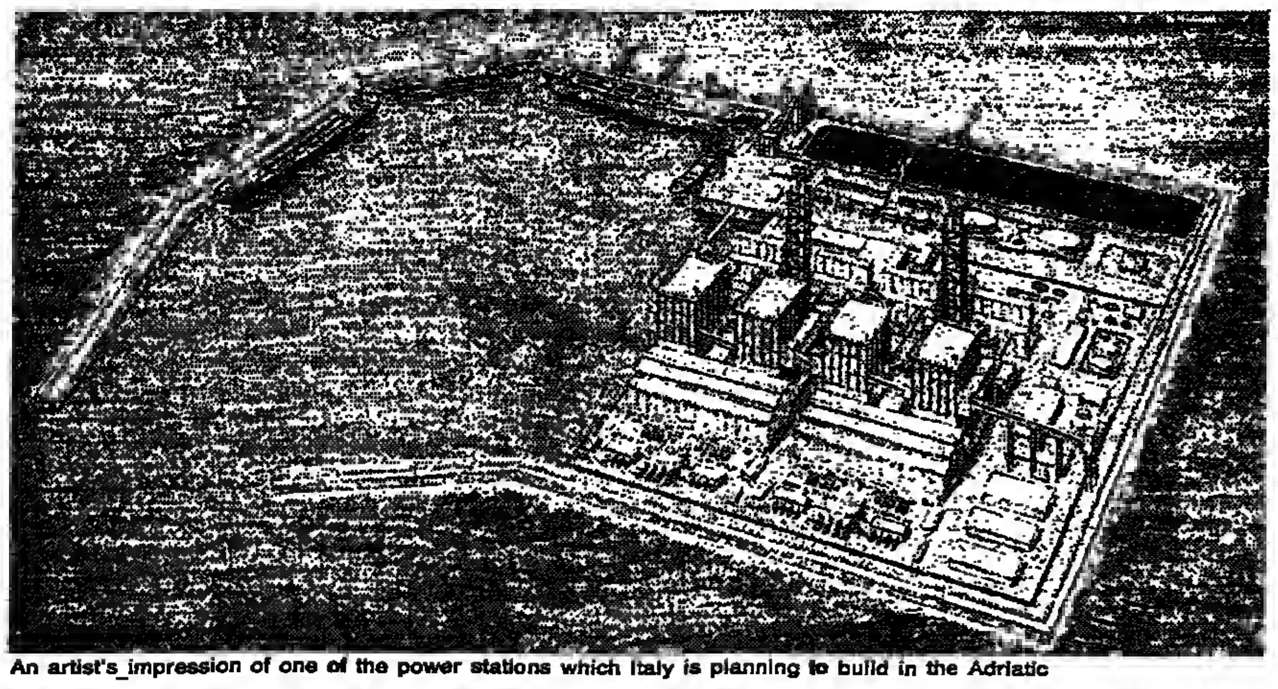
TECHNOLOGY

Power stations prepare to put to sea

David Lane finds that local protests have forced Italy's energy programme offshore



An artist's impression of one of the power stations which Italy is planning to build in the Adriatic

Tourists basking on the Italian riviera in the mid-1990s may well look out on the world's first sizeable offshore power stations.

If all goes to plan, ENEL, the state electricity corporation, will have closed the gap between demand for electricity and its supply by building multi-fuel power stations at sea.

The national energy plan, approved this summer by Ciriaco De Mita's coalition government, forecasts that ENEL will need to have 56,000 megawatts (MW) of operational capacity in 1995, against current availability of 41,700 MW. Part of the gap – and the further shortfall expected before the end of the century – will be filled by two or more 2,500 MW stations in the Adriatic.

Following last November's three referenda on energy issues, the new energy plan confirms that nuclear power will be abandoned, at least in the medium term. Three nuclear power stations (a 160 MW Magnox gas-cooled reactor at Latina, a 270 MW pressurised water reactor at Trino Vercellese and a 980 MW boiling water reactor at Caorso) have been shut down and a 2,000 MW BWR which is three quarters complete, at Montalto di Castro, will be converted to multi-fuel conventional operation.

But nuclear power has not been the only stumbling block for ENEL. Its construction programme for conventional stations has also met local opposition, causing serious delays and aggravating the capacity gap.

Blocking tactics at Gioia Tauro in Calabria, Brindisi Sud in Apulia and Piombino in Tuscany have shown that no one wants power stations in their neighbourhoods. ENEL hopes to get round this problem by building multi-fuel conventional thermal power stations offshore.

Work is well advanced on the project's second phase, a detailed report which will be completed by the middle of next year. A feasibility study, presented to ENEL at the end of last year, showed that building power stations offshore was technically practicable and economically acceptable.

Construction costs for the Centrale Policombustibile Off-shore will be less than for a nuclear station but, according to ENEL calculations, 25 per cent higher than the L2m (£850) per kilowatt needed for a similar station onshore. Its running costs will be greater than those for both nuclear and conventional onshore stations.

This will be reflected in increased electricity charges. "It's the price the consumer will have to pay for voting against nuclear power," says Carlo Felice Vivani, ENEL's deputy general manager, who is responsible for the conventional thermal construction programme.

Though there have been no announcements about the location of offshore stations, the options have been narrowed down to sites which have the right water depth at the required distance from the shore. The power stations will be located between 10 and 30 km from the coast, in water depths ranging from 20 m to 40 m.

It is not surprising that Vivani is reticent about the locations, given the enormous problems which ENEL has encountered in obtaining approval to build elsewhere. But the depth and distance parameters mean that they must be in the Adriatic.

Vivani emphasises that ENEL is not going offshore to avoid the regulations which protect the environment on land. As far as the change in water temperature is concerned, that will be the same as for a sea-water cooled station onshore – the water will come out 8 deg C warmer than it went in.

To keep down sulphur dioxide emissions, the latest "scrubbers" will be installed in the chimneys; so the forests of Yugoslavia will not be threatened by acid rain.

ENEL is sensitive to attacks by the environmental lobby over the visual impact of the proposed offshore stations – hence the inclusion of artist's impressions in the feasibility study.

Vivani argues that Italy's geography gives ENEL few alternatives. "Apart from the Po, we have no rivers where we can site thermal stations. So we are forced to construct along the coast. Offshore stations offer the only alternative to building on the coast itself."

By siting stations offshore, ENEL will be able to minimise the disruption caused during construction. Instead of concentrating work in one place, it intends to divide it between several industrial sites along the coast. Up to 4,000 construction workers could be employed on the programme.

The power stations will be made of concrete modules, built onshore and towed out. The largest will be 180 m square and weigh several hundred thousand tonnes.

Vivani explains that three alternatives were examined in the feasibility study: a structure fixed rigidly to the sea bed; an anchored floating structure; and a combination of fixed and floating.

"We have opted for a combined solution in which the power station will have pillars to the sea bed; these will serve partly for load bearing and partly as anchors," he says.

The concrete structures will be hollow so that buoyancy will support about 85 per cent of the weight, the pillars being called on to bear the remaining 15 per cent.

Each station will cover an area of between 30 and 35 hectares (86 acres). In addition, a wall built up from the sea bed will form a harbour of about 800 m by 600 m.

The wall will give protection against high seas and, as the machinery is housed in concrete, corrosion will present no greater problem than onshore. Because it is not a floating station, there is no need to take account of tidal effects, which in any case are small in the Adriatic.

There could be difficulties in connecting the modules together, but ENEL is confident that these can be overcome. "Machinery and moving parts will be located on separate modules and there will be no bridging," says Vivani. While pipes will run between the modules, slight variations in the deck levels will be coped with through the use of flexible connections.

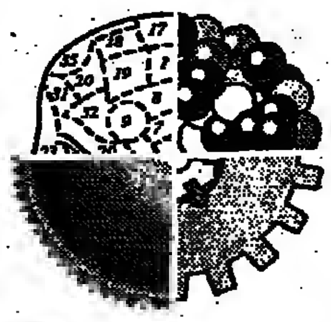
Each station will have four 640 MW units and the boilers will have multi-fuel firing. Oil supplies will come in either by pipeline or from tankers. "It is possible that we will choose sites near gas fields which would otherwise be difficult to develop," says Vivani.

Away from the protests which have blocked its use onshore, coal could become the main offshore fuel, because it is cheaper. Harbour facilities will permit the handling of bulk carriers, each bringing in up to 150,000 tonnes of coal. One a week would be sufficient.

About 600 staff will be needed to run each station, of which 400 will do off-shore shifts. "We want to avoid differentiating between onshore and offshore sites. So it is planned that normal eight-hour shifts will be operated with workers being taken by ship to and from the island," says Vivani.

The power stations will involve much lower risk to the workers than that entailed in the offshore production of gas and oil. Nevertheless, helicopters will be on permanent standby in case of an emergency.

A consortium of engineering companies is involved in the project. But no matter how ingenious the offshore design is, the partners do not expect to win returns in the export market. "We have been forced to look offshore because of the difficulties of construction on land. Other countries do not face this need," says Vivani.



WORTH WATCHING

Edited by Geoffrey Charlish

Recognition by 'voiceprint'

LOGICA, the UK computer systems house, has developed a technique that enables people to be identified by their "voiceprints," writes Della Bradshaw.

Experts believe that each person's voice pattern is unique, like his or her fingerprints.

Logica has already done a considerable amount of work on speech recognition, which aims to identify the words spoken. Speech verification, on the other hand, uses the way an individual articulates sounds and the physiology of his vocal tracts to provide personal identification.

To "train" the system, each individual has to repeat a number of pre-determined words several times, so that any variation in pronunciation can be built into the voice profile.

Subsequently, words spoken into the identification unit are electronically compared to the voice profile on record.

Logica sees a number of markets for its system, such as financial services (for carrying out bank transactions over the phone) or for gaining access to secure buildings.

The voice verification system can be preceded by the keying in of a personal identification number for additional security.

A US financial institution has decided to use the system in a pilot scheme involving between 10,000 and 20,000 users. Logica will build the development into its own products as well as licensing it to other manufacturers.

Testing a pipe's soundness

NKK Corporation, of Tokyo, is offering a 48-inch diameter ultrasonic inspection device. More than 10 ft long, it is designed to move down the 800-mile Trans-Alaska crude oil pipeline looking for corrosion and wall thinning.

The device, designed with the Anchorage-based Alyeska Pipeline Service Company, uses an array of ultrasonic generators and detectors that allow it to measure wall thickness to an accuracy of one millimetre.

The array sends out ultrasonic waves. These are returned from the surfaces of the pipe and allow an on-board computer to make contour maps of the metal.

Results are recorded digitally on magnetic tape. When the device is removed from the pipe, the tape can be played back.

The unit measures how far it has moved down the pipe, allowing engineers to go to the right spot to carry out repairs.

Tape turned from tunes to data

A CASSETTE which was originally designed in Japan for digital audio tape (DAT) recording is being used by a West German company, Gigatape, to store 1,200m characters in a data tape back-up recorder which it has developed.

Gigatape has just started up a UK subsidiary company at Erith in Kent.

Back-up machines are used to keep a second record of what is on a system's discs, in case there is a disc "crash".

The new recorder uses the type of helican scan recording employed in video recorders, making excellent use of the tape surface to give a read/write speed of 192,000 characters per second.

The cassette is a little over half the size of an audio cassette.

It now seems possible that DAT cassettes will come into use for professional data processing before they have achieved a widespread market in Europe for their original purpose of domestic tape recording.

The music recording industry has objected that DAT will allow indiscriminate copying and repeated re-recording of compact discs without loss of quality, so encouraging infringement of copyright.

Quick delivery of deal documents

CPC (Corporate Printing Company), of New York, provides a service which allows the parties involved in tender offers, management buy-outs, mergers, the issuing of prospectuses and so on to have the formal printed documents on their desks in hours rather than days.

The service is aimed at large public companies that have to publish such documents in the US to meet Securities and Exchange Commission (SEC) requirements.

A draft document is faxed to CPC by the originating office. CPC then typesets it electronically, according to an agreed layout, and sends it to its store and forward switch – a device which sends the document at appropriate moments to offices in various time zones over international public circuits. For example, on the same day, recipients in London, Toronto and Los Angeles could receive the document simultaneously at 4pm, 11am and 8am respectively.

The document emerges, typeset, from a laser printer. If any recipient feels alterations should be made, he makes telephone or fax contact with the originator.

Soon a final version is agreed and will emerge on all the parties' machines. The laser printed document is in "camera ready" form, which means it can be used as the original for a short, local printing run.

The major printing run is carried out by CPC for delivery to US addresses.

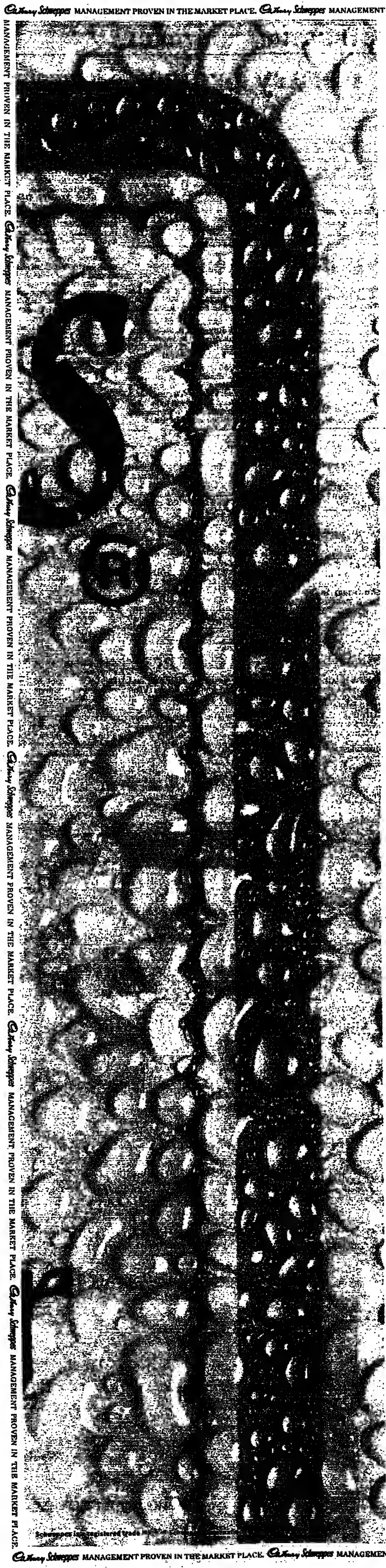
Time and money are saved because bulk copies need not be physically transported over long distances.

Shopping by video

NIXDORF, a West German computer company, has introduced the CSC 411 interactive video terminal for use in retail outlets.

The unit allows customers to obtain promotional information on store merchandise and then order goods direct from the screen using an in-store credit card.

CONTACTS: Logica: London, 637 9111. NKK: Tokyo, 212 7111. Gigatape: UK, 0322 330383. CPC: New York 620 5800 or in the UK on 0372 59037. Nixdorf: London office, 570 1888.



To change the face of the British soft drinks market, Cadbury Schweppes' management is working with another rather successful organisation. Coca-Cola is it!

Who else?

Coca-Cola & Schweppes Beverages Ltd. was created to take advantage of a huge market opportunity. In short, through a combination of management vision and determination, this alliance has helped turn soft drinks into one of the most exciting sectors in the British food and drink industry. All in less than two years.

Building on Firm Foundations.

The managements of both Cadbury Schweppes and The Coca-Cola Company shared a common goal: to stimulate market growth. Difficult enough in its own right, but when combined with the added objective of increasing their share of that growing market, the scale of CCSB's ambition becomes clear.

One of the first steps was to implement a comprehensive rationalisation and merger programme which included such actions as cutting the number of depots from 41 to 20. This released funds which contributed to a massive marketing exercise for CCSB's entire portfolio of brands (to the tune of £50 million last year).

Since all this activity began, CCSB has increased its share of the carbonates market, a market which has itself grown by around 13%. A remarkable achievement in such a competitive environment.

Number 1 and Pulling Ahead.

So says the company mission and, on current form, with every justification. Continuing the theme of building on its success, work has already started on Europe's largest soft drinks factory, due to open in Wakefield next year. As Dominic Cadbury points out, "Our 51% stake in CCSB is a prime example of how Cadbury Schweppes is building shareholder value for tomorrow, as well as delivering today".

Cadbury Schweppes

MANAGEMENT PROVEN IN THE MARKET PLACE

CONSTRUCTION CONTRACTS

New York library project

Three construction management contracts have been won by the US-based P& O. Group company LEHRER McGOVERN BOVIS INC (LMB). In New York, LMB will manage a US$20m (£11.8m) project to construct a 75,000 sq ft extension to the city's botanical gardens. The work involves building a library and plant study centre to house the herbarium and book collection. The contract also involves renovation of the turn-of-the-century museum building, including refurbishment of its 400 seat auditorium.

The second contract involves the construction of a 350-unit dormitory in Rochester, New York state, for the University of Rochester's Eastman School of Music. Costing US$14.5m (£8.5m), the 16-storey, 150,000 sq ft building is scheduled for completion by July 1990.

In the private sector, LMB is to manage the interior fit out and data centre installation for a new US headquarters for Recruit USA, a subsidiary of a Japanese communications conglomerate. Located in Jersey City, New Jersey, the US$65m (£38.2m) offices provide 400,000 sq ft of accommodation spread over 14 storeys. The 155,000 sq ft data centre will be housed on five floors and the other floors will serve as administrative offices. The fast-track contract is scheduled for completion next year.

Expanding Nissan car plant

SIR ROBERT McALPINE AND SONS has been awarded a design and management contract, worth £9.1m, by Nissan Motor Manufacturing (UK) for the further expansion of its car manufacturing plant at Sunderland, Tyne and Wear.

On an 81,000 sq metres site within the complex, the project covers the construction of a body shop, with a floor area of 28,750 sq metres, which will be linked to the production facilities by an overbridge.

The single-storey building on reinforced pad foundations will be of steel frame construction, clad with composite steel panels to match the existing buildings. The ground slab will contain a large number of pits and trenches to accommodate process machinery to be installed by Nissan.

The scope of works includes the provision of all main services at high level with drops for connections to process equipment.

Complex low level services are also included serving the automatic welding machines and associated plant which occupy the body welding area.

The work, due for completion in July, will include ancillary buildings, roadworks and the installation of a gas-fired factory heating system.

The McAlpine Design Group will be responsible for the complete design of the building and services. Turner and Townsend have been appointed as both quantity surveyors and construction consultants.

£18m orders for John Lelliott

The JOHN LELLIOTT CONSTRUCTION GROUP has been awarded contracts worth £18m which include a £2.7m design contract for council offices in Saffron Walden to be carried out by John Lelliott (DMC).

Further projects include a number of "fit-outs" including: Boots' Children's World store in Romford (£1m); Texas Homecare in Cambridge and Orpington - £500,000 and £300,000 respectively; a Littlewoods catalogue shop in Ipswich - £70,000; and offices for Price Waterhouse in St Albans - £550,000. An extension is to be built for Waitrose in Bracknell - £425,000.

Refurbishment work includes first and second floor laboratories for Kings College, Dulwich - £725,000; and the Sonali Bank in London Wall - £800,000. An industrial development for Crammond Estates in Harlow accounts for £1.5m and a window replacement project for the head office of Amstrad in Brentwood - £450,000. A fitting-out project for a British Gas showroom in Walthamstow has a value of £296,000.

John Lelliott (Contracts) has been awarded four contracts worth about £7m, which include further refurbishment work and an extension at 19/20 Belgrave Square for Thornfield Securities £2.5m; the fitting-out of a seven-storey office building at DKB House, King William Street, London EC4 for Shimizu Europe; Phase B 3rd floor of Chelsea Cloisters, £600,000, and the International Herald Tribune offices in Long Acre, £60,000.

Specialised works division accounts for £1.5m for a number of external refurbishment projects in and around London, and fitting out for Midland Bank in Balham, Wimbledon and Fulham Road, London SW6.

Chilworth research centre development

Work has started on the construction of the £5m Phase II Chilworth Research Centre at Chilworth, Southampton, Hampshire. The centre is being developed by MEPC Developments in association with Southampton University and is due to be completed in late Summer 1989.

Situated in nine acres of woodland, the 100,000 sq ft science park will combine a group of modern, high technology buildings with a sequence of shared and private gardens in a formal landscaped setting, which complements the historic character of nearby Chilworth Manor and its grounds.

There are six two-storey buildings constructed along a central avenue. Features include central heating, raised floors, suspended ceilings, and double glazing, together with a passenger lift in each unit and provision for the disabled. The buildings will be available in shell and core or fully fitted.

Chilworth Research Centre, 3.5 miles north of Southampton, is adjacent to Phase I of the development which was completed in 1986 and is fully let. The British Satellite Broadcasting satellite complex is also adjacent to the science park. The main contractor is Staverton Construction.

Upgrading football ground

Under a design and build contract, worth £5.2m, SUNLEY PROJECTS, part of the Sunley Group, is carrying out the construction of accommodation at Arsenal FC's Highbury football ground, providing 53 executive boxes with associated facilities including reception areas, catering amenities and bars, and a sports hall.

The accommodation will be on three floors, plus mezzanine, with boxes at first and second floor levels including en-suite washrooms, shared kitchens, and dining area.

The undercroft facilities will be remodelled following erection of the executive box superstructure. Provision will also be made for 102 parking spaces. Design work for the project, due for completion in April 1989, has been carried out by Sunley Projects.

Cannock hospital

JOHN LAING CONSTRUCTION has been awarded the £15m contract for the Cannock Community Hospital, Staffordshire, hy the West Midlands Regional Health Authority.

The contract involves a single building with four interconnected blocks of two and four storeys. There will be a reinforced concrete frame with brick cavity walls and a pitched concrete tiled roof. The project is scheduled to last 130 weeks.

Offices in Marlow

FAIRCLOUGH BUILDING's southern division has won a £4.65m contract to construct two office buildings for AMEC Properties on Globe Park in Marlow, Bucks.

The development, to be known as Orbis, will comprise a total of 46,000 sq ft net lettable floor space in two buildings of two and three storeys.

Fairclough will construct the buildings on in-situ concrete frames, with composite floor decks, brickclad exteriors, and pitched tiled roofs.

Innovation

THE ROMAN EMPIRE AND MILITARY AIRLIFT

Perhaps the most remarkable thing about the Roman Empire was that, at its greatest geographic extension, its security was assured by a mere thirty legions. From Scotland to Egypt no more than 180,000 regular troops kept the Empire in tranquility.

The key to this manpower-efficient defense was the metalled road.

Metalled roads provided a great logistic advantage over ordinary dirt highways, which could not support the traffic of a marching legion (around 6,000 troops and a like number of animals). Even in dry weather, movement was restricted to about twelve miles per day. In rain and snow, dirt roads were churned into quagmires, and movement stopped altogether.

But on their extensive network of paved, engineered roads, the Roman troops could march thirty miles a day—in all weather. Legions could be quickly shuttled around the empire to respond to unrest in one province, or the invasion of another. In this way, Rome could afford a much smaller defense establishment than the geographic size of her empire would suggest.

In the late 20th century this lesson of strategic and tactical mobility is still apt. For the United States, with our global commitments, our Roman roads are our airlift fleet.

Presently that logistic potential is adequate to respond to small scale crises around the world. But in the event of a major outbreak overseas, and given the strength of our current airlift fleet, there has been some debate as to our ability to protect our worldwide interests.

Flexibility is critical to an efficient defense. Julius Caesar understood it. All Romans understood it. It was the primary reason for their paved roads. Without them, the Roman Empire would not have lasted as long as it did, for the mere knowledge that legions could be on the scene within weeks was usually sufficient to keep the peace.

In the near future, the knowledge that overwhelming American force might be on the scene within hours would give pause to potential enemies. And that, in the final analysis, would be the most efficient defense of all.

Lockheed
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Roman road at Timgad, Algeria

MANAGEMENT: Small Business

Setting up overseas: the painful questions

By Charles Batchelor

It was about 18 months ago that Camborne Fabrics, a British manufacturer of upholstery and wallcoverings for the commercial market, decided it could no longer go on supplying its customers in continental Europe from its base at Mirfield, near Huddersfield in West Yorkshire.

Not only did Camborne need to have a better idea of its continental customers' changing tastes, it also had to demonstrate that it could be relied on as a long-term supplier.

"Our customers have to believe we are serious," says David Hill, chairman of the company. "Countries are very nationalistic about supply. The French like to buy from the French. You have to be part of their industry."

To prove its commitment, Camborne, a £15m turnover company with 220 employees, has set up a two-man sales and marketing office in Paris and has appointed a sales executive in Belgium. Over the next 12 months it plans to open a warehouse, probably somewhere in France or the Netherlands, and within five years it hopes to be manufacturing on the Continent.

Camborne currently exports a quarter of its turnover but only 8 per cent of total sales go to mainland Europe. Hill believes sales to the Continent could exceed those in Britain once he has established his continental bridgehead.

For Camborne, as for many other small companies, the move from supplying customers through independent agents and distributors (this page August 9) to setting up its own operation abroad is a major one.

"It is painful to see that even fairly well established businesses have no idea of how to set up in another country," says Gerry Hopkinson, head of Advicelink, an advisory service provided by accountants Peat Marwick McLintock for overseas companies which want to set up in Britain.

This ignorance is perhaps understandable when you look at the areas of specialist expertise a company must master in setting up abroad. Taxation, accountancy practices, technical regulations, customs procedures and employee law differ widely throughout Europe.

Despite the problems, a growing number of small companies throughout Europe has been gearing up operations in advance of the creation of the internal community market in 1992. US companies, too, have been establishing European bases to guarantee access to the deregulated market.

Companies choose different methods of setting up abroad depending on their resources, the nature of the market in which they operate and the strength of the competition.

Hinari, a Glasgow-based supplier of audio, TV and video equipment, started from scratch when it opened a sales and marketing office in Germany 16 months ago. It sent a German-speaking manager from the UK to set up the office, which has now grown to five people.

Rapid growth

In Spain, where Hinari opened another office three weeks ago, the approach was different. Hinari's Spanish distributor was pulling out of the electrical equipment business so the British company took on some of its staff.

"It took us 12 months to get our teeth into the German market, whereas in Spain we started from day one," says Brian Palmer, Hinari's founder and chief executive. He expects sales in Continental Europe of £10m this year out of total company turnover of £70m.

Hinari, which has grown rapidly since it was founded by Palmer in 1984, employs just over 80 people in the UK and Hong Kong. It plans to establish its own warehouses in Spain and Germany early next year and then set up its own TV assembly line in Spain. France and Italy have been targeted for future expansion.

By establishing his own sales and distribution network Palmer will be able to cut out the cost of using middlemen. He believes he will be able to expand more quickly since Hinari's credit risk will be spread over many direct customers rather than concentrated on one distributor.

But a continental base does not make sense for all types of business. Burkitt Weinreich Bryant, a two-year old advertising agency with billings of £26m and a staff of 53 hopes to set up what Hugh Burkitt, its managing director, calls "a federation" of small agencies in Europe.

"It would be crazy to establish our own offices on the Continent because the markets are so different," he says. Burkitt believes that links between the smaller advertising agencies would allow them to exchange information on cross-border business opportunities while avoiding the expense of a more elaborate organisation.

But whichever method a company chooses to develop its overseas sales, finding the right managers for the job is crucial. Camborne's David Hill used his industry contacts to find a Danish executive familiar with the fabrics industry in France and Germany for his Paris office.

Getting the right person may be expensive and time-consuming but it is the key to success, he says.

Bridget Litchfield, managing director of FOCUS, a London-based redundancy counselling company with 50 employees and turnover of more than £1m, spent a long time looking for a manager for the office she planned in the Netherlands.

"The person had to be Dutch and had to understand the local market," she says. She finally found someone who had worked for The Hague city council handling labour relations. After spending six weeks in Britain getting to know FOCUS, the Dutch manager has set up a four-person office and is now busy establishing a regional network.

Hiring a local manager must be done carefully, though, advises Alec D'Janoeff, a corporate finance partner at accountants Coopers & Lybrand. "It's tricky hiring abroad because you run the risk of being taken for a ride. You need a good lawyer who knows about drawing up employment contracts."

D'Janoeff suggests that small companies should employ people they know through contacts and to set low basic salaries with high bonuses so the manager is committed to the venture's success.

David Hill: "Countries are very nationalistic about supply"

Companies which have set up foreign operations stress the importance of good professional advice. Litchfield found a firm of Dutch accountants which was affiliated to her British auditors, while Dutch solicitors were suggested by one of the UK shareholders.

Camborne felt its usual UK auditors lacked the international skills it needed so it turned to one of the larger accountants which used its offices in Huddersfield and Paris for advice.

Taking professional advice reduces the risk of making obvious gaffes but establishing a foreign operation remains a complex matter. A common mistake made by many companies going abroad is failure to research the local market.

Peat Marwick's Gerry Hopkinson says he dissuaded one US company from setting up a franchise business operating mobile barbecues in British shopping centres. "They had done no research and did not realise that no-one would want to buy spare ribs on a cold July day in Northampton," says Hopkinson.

Not that it is always easy to research a foreign market. Bridget Litchfield spent six months gathering reliable data on the Dutch economy, labour market conditions and company attitudes to redundancy from a wide range of sources.

Small companies must take care that they understand the differences between their own business practices and those of local executives they are hiring, the specialists advise. Dutch and German companies which set up British subsidiaries usually take care to monitor their protogés closely, attend board meetings and require detailed management information, says Hopkinson.

French companies, in contrast, tend to come to very informal agreements. This can cause problems for British managers used to more formal arrangements. "The French tend not to require good information and then there is a panic when something goes wrong," says Hopkinson.

Perhaps the over-riding concern of the small company is how to control the costs of establishing itself abroad.

"We believe we have been realistic about expenses," comments Camborne's Hill. "But you can fool yourself on the costs so it is better to budget for bad news."

Despite the difficulties in setting up an overseas subsidiary, many small companies believe it is essential to do so if they are to be prepared for the single European market. "If we don't start now we won't be ready for 1992," says Palmer.

Even those managers who retain doubts about what 1992 will really mean feel the need to cover themselves. "We have to take it seriously," says Burkitt. But he warns against getting carried away by the publicity. "It would be possible to put a lot of time into constructing an elegant operation in Europe and take your eye off the ball in the UK."

Enterprise agencies

Taking on a wider role

The movement is facing great changes. **Charles Batchelor** reports

Far-reaching proposals for a reorganisation of Britain's local enterprise agencies are detailed in a report* by Business in the Community (BiC), the umbrella organisation for the country's 300 agencies. The enterprise agencies, widely seen as one of the most effective organisations set up in recent years to help small businesses, face major changes, the report says.

A more stable employment market is reducing their traditional role of helping the jobless start up on their own; the government is keen to reduce its financial support and corporate sponsors want to back specific projects.

Instead of helping the unemployed person raise the £1,000 necessary to join the Enterprise Allowance Scheme, an agency might in future be called on to help put together a £50,000 financing package for somebody already in work or for an existing small firm.

They will be asked to provide more sophisticated business information available from specialised databases such as the European Community's Business Information Network. They may be called on to provide a marriage broking service for investors and individuals seeking money and for firms looking for technology transfer or licencing arrangements.

The enterprise agency movement "has grown like Topsy," producing many under-funded agencies which provide basic information and advice but which cannot afford to develop their business support services, the report warns.

One solution would be for several agencies serving different customer groups — co-operative members, the ethnic minorities, women, young people — to re-locate to "one-stop shops" so general and specialised information would be available from one source.

Nearby agencies might decide to specialise in particular areas. One might manage a range of loan and venture funds while another might concentrate on export or franchise advice, the report suggests.

The current distribution of agencies around the country does not necessarily correspond to future needs so agencies might need to be regrouped into different categories. The report suggests these should be: local business advice centres offering basic start-up counselling with some after-care; intermediate agencies which emphasise after-care and access to loan funds; and strategic agencies offering a wide range of services.

In addition, agencies need to raise their profile by establishing a wider network of "first contact points" in the form of mobile surgeries based in business libraries and citizens advice bureaux.

The report estimates the likely annual cost of this range of agencies at between £40m and £60m compared with the current budget of £30m, provided in equal measure by private and public sponsors.

The government is keen to cut its contribution to the agencies but most, in particular those outside the southeast, cannot be totally self-financing without totally changing their nature, the report says. If the government wants to cut its subsidy it must allow the agencies to tender for government contracts.

These might include the monitoring of participants in the Enterprise Allowance Scheme; the provision of services currently available from the government's Small Firms Service; and allowing the agencies to act as counsellors and consultants under the Department of Trade and Industry's Enterprise Initiative.

Most of the agencies' clients will remain, for the foreseeable future, pre-start-up and recently formed businesses which could not afford to pay for services, the report notes. Charges could be made, however, for specialised services such as book-keeping, market research and "marriage broking".

**The Future for Enterprise Agencies. 20 pages. From Mandy Strike, BiC, 227a City Road, London EC1V 1LX. Tel 01-253 3716. £2 (post free).*

In brief...

■ The Milton Keynes Business Expansion Scheme Syndicate, the latest in a growing, if still small, number of local BES funds, is being launched today to provide finance for small and medium sized businesses in Buckinghamshire and Bedfordshire.

The scheme aims to raise £250,000 in amounts of between £5,000 and £40,000 (the maximum eligible for BES tax relief) from local investors. It will be invested in sums of between £30,000 and £50,000 in "established companies with a track record and good growth prospects" in the two counties but will not cater for start-ups.

Contact John Carpenter, Milton Keynes Business Venture, 1 Saxon Court East, Central Milton Keynes, MK9 3ES. Tel 0908 660044.

■ Sheffield University has joined the list of academic institutions taking an interest in the small business field. Its school of management and economic studies has established a chair of Entrepreneurship and Small Business and appointed Bill Speirs to the post of professor associate.

Speirs, aged 42, is a chartered engineer and a qualified accountant and worked for GEC and Stanley Tools. He headed a management team which demerged Stainless Steel Holdings from Bamford Hall Holdings, a privately owned company, and which took the demerged business to the USM as Technical Component Industries in 1985.

Contact Bill Speirs on 0742 768555 ext. 6575.

■ Britain's accountancy firms have been rethinking their approach to the small company sector.

Coopers & Lybrand has decided to expand its small business commitment with the launch this month of what it calls its Business Services Approach, designed for the small company with turnover of £1m or more.

Coopers says it wants to provide a more broadly-based service than the financial areas for which accountants are traditionally known. The fields in which it plans to help include business strategy and planning, manufacturing, new products, marketing and computer and management information systems.

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The assets and undertaking of this long-established confectionery manufacturer based in East Sussex, producing boiled sweets, toffees and sugar novelties are offered for sale as a *going concern.*

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Further information may be obtained from the Joint Administrative Receiver P.R. Copp FCA, FCCA (ref 13/CJ).

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Located in Blackburn, Lancashire, the assets include freehold property and land (95,000 sq ft), manufacturing plant and machinery, stock and work in progress.

The company currently has 30 employees and an annual turnover of approximately £1.5m.

For further information, contact the Joint Administrative Receivers, David Rowlands or Allan Griffiths, Grant Thornton, 20 Winckley Square, Preston PR1 3JJ. Telephone (0772) 53883; Fax (0772) 202620.

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For further details, contact the Administrative Receiver, Hugh Sinclair, or Richard Saville at Deloitte Haskins & Sells, Compass House, The Ropewalk, Nottingham NG1 5DQ.
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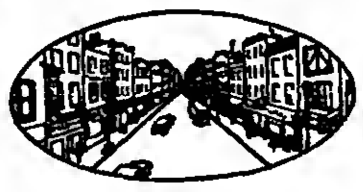

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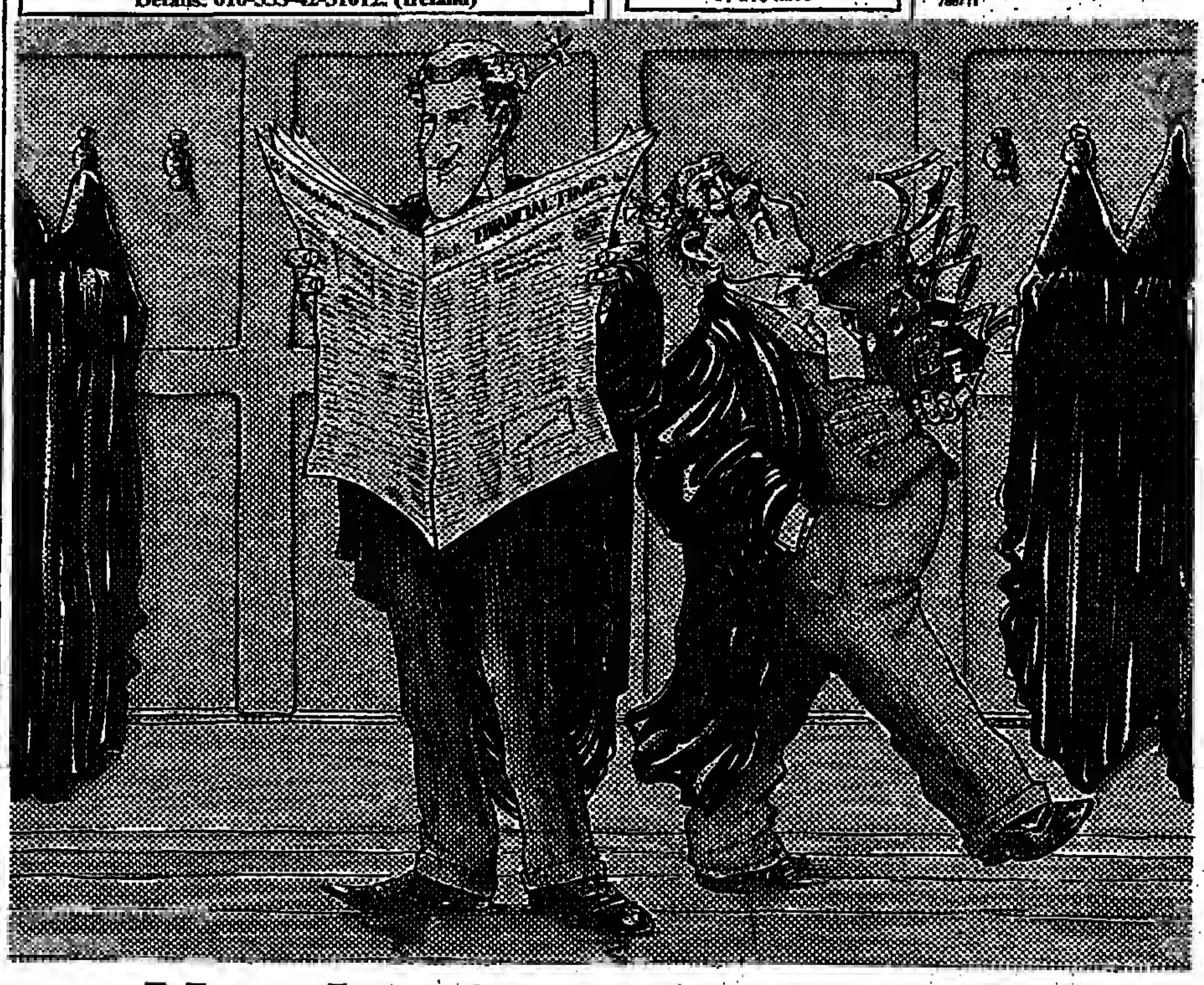

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FINANCIAL TIMES
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ARTS

The Raphael of Brescia

Susan Moore rediscovers Il Moretto

Only in Italy could a small provincial town conceive of a series of spectacular exhibitions of Old Masters painted by its celebrated sons. Last year, Brescia presented the recently "rediscovered" seicento genre painter, Giacomo Ceruti. This year it is the turn of Alessandro Bonvicino, called Il Moretto (1498-1554). Almost 100 of his panels, canvases and frescoes have been brought together (until November 20) in the frescoed, deconsecrated convent of S. Giulia, one of the most engaging exhibition spaces in Italy.

Moretto has been called the Raphael of Brescia – borrowing, for instance, the same group of figures from the master's "Judgement of Paris" that inspired Manet's "Dejeuner sur l'herbe" some 400 years later. For all his cool colour and Classical composition, he is no dyed-in-the-wool idealist. His large-scale religious compositions and dazzling portraits witness the earthy realism that anticipates the work of his fellow Lombard, Caravaggio. Already there are the kind of dirty-footed Apostles and grotesquely deformed peasant types that shocked the Roman clergy of the early 17th century.

This distinctive strain of realism (and use of a grey ground) is a characteristic of Lombard painting from Romanino to Moroni (who painted the celebrated portrait of a tailor in the National Gallery) and Caravaggio, and found a later flowering in the low-life subjects of Ceruti.

What the show immediately – and unexpectedly – reveals is Moretto's range and technical brilliance. Almost from the first, he could confidently compose on a vast scale; by the 1540s his altarpieces comfortably soar over four metres. Their excellent condition 500 years on is proof of his painstaking craftsmanship. Moreover, with the majority of the exhibits transformed by recent cleaning, he is revealed as a subtle colourist and a superlative painter.

Vasari said of Moretto that he was fond of imitating cloths of gold and silver, velvet and damask. One of the glories of his paintings are the richly embroidered vestments of his sainted bishops, the juxtapositions of variously patterned damasks, silks and gauzes, and the stuff of ruffles, trappings, jewels and ermine. His portraits even have damascened backdrops. He could almost be described at times as a Renaissance Vuillard.

Another joy is his still-lives. Copper vessels of pears, fallen flowers or a bishop's mitre are asides in the foregrounds of monumental altarpieces. Ceruti might have painted the ochre, greys and whites of the bread, fish-heads and pewter on the table of Simon the Pharisee.

His delight in texture and colour is as apparent in the altarpieces (such as the shimmering olive greens and golds of St Michael set against scarlet) as in the magnificent sequence of portraits. The National Gallery has lent one of his most opulent portraits, a bravura study of a sullen young man in a plumed hat draped in ermine and leaning back on the richest crimson and gold damask. At the opposite end of the scale is a small panel of a cool and calculating Salome, with silks and pearls woven into her braided hair, and set against a decorative backdrop of bay leaves.

He explores tonal nuances by painting white damask against white marble in his altarpiece for the church of Sant'Andrea in Bergamo, and his expanses of black silk in sombre male portraits are as subtle as anything we are more used to seeing in Moroni. The influence of Venice (Brescia was a satellite) is also apparent in Giorgionesque landscape backgrounds and facial types, as well as more specific debts to Titian.

Moretto's fervour for Catholic reform predates the Council of Trent. He produced an iconographically unique series of altarpieces glorifying the Holy Sacrament and symbolising the real presence of Christ in the Mass. The gestures and direct gazes of saints show men on earth to more perfect spheres. His Madonnas are to be found enthroned on the crumbling ruins of Pagan Rome. In his great altarpiece of St Nicholas of Bari, the Byzantine gold mosaics are decaying, and weeds and rainwater despoil the Classical temple.

A number of outstanding altarpieces have been temporarily removed from their sometimes gloomy church side chapels to allow us a closer view. But what is perhaps one of the greatest strengths of this impressive show is that many more can be seen outside its walls, in situ, in the Brescian churches for which they were created.

An altarpiece by Moretto from the Church of San Lorenzo

Cymbeline

OLIVIER

Sir Peter Hall's loog – well, triple-decker – farewell to his National Theatre greatness has moved from the authentic intimacy of the Cottesloe to the largest of the NT's auditoria. *A Winter's Tale* and *The Tempest* arrive this week. *Cymbeline* has already taken up residence, a linear, straightforward and blessedly clear reading that tells the story and keeps the individual motivations unblurred. The elements of spectacle and masque are as impressive in the larger house, but I suspect that some of the playing has broadened since Michael Coveney welcomed the production in May.

With lesser performers, and lazier critics, the word "camp" might suggest itself. Eileen Atkins' attribution to the wicked queen of cooing affability and reproachful wide-eyed innocence before she swoops into her poisonous plotting is compulsively watchable and hilariously enjoyable – for the actress as much as the audience, we feel. And one misses the tough Welsh-accented old Belarius of the current RSC production when a hemispherical flap rises from the floor in Alison Chitty's striking set, and folds back to reveal rocks, grass and a subterranean cave where a well-elocuted troglodyte in the shape of Basil Henson lives with two young men in wigs.

The virtues of Hall's production are epitomised in the wager on Imogeo's constancy: the scene is played with varied rbythm and volume, a perfectly judged ebh and flow of feeling wbere the cbaracters allow glimpses of tbeir real emotions to peep sporadically througb social conventions.

As was widsly ooted in May, this is Geraldine James' first Shakespearian role. She takes to the language as if she has spoken nothing else all her life: confident, intelligent, sensitive and above all alive, the verse emerges as more Shakespearian than much heard from the company that bears the Bardic name. Slightly stocky in late Jacobean-early Caroline skirts, Miss James assumes male attire handsomely. Ultimately moving, she takes some time to suggest vulnerability. The hyper-critical might object to the prosaically bossy note to her heart-broken demands for death from loyal Pisanio (the excellent Tony Haygarth), but this is a small quibble in a performance that otherwise proclaims a distinguished new recruit to Shakespeare.

As Cymbeline, Tony Church rejects the Romans' United States of Europe with the vehemence of certain subsequent British heads of government. Peter Woodward gives us his Voice Musical as Posthumus Leonatus, well in keeping with the up-front production style if not as moving or complex as the RSC's Nicholas Farrell. Last Friday Simon Scott creditably replaced the announced Cloten: an unexaggerated comic portrait, very welcome after the RSC's insufferable sitcom wide boy. Tim Pigott-Smith's Iachimo is more a malicious fop than a malign Machiavel, and his perkily flirtatious exhortation, "Boldness be my friend – arm me, audacity!" implics that thc spirits that tend on mortal thoughts bave done for him what they failed to accomplish for Lady Macheth, and havc unscxed him quite.

Martin Hoyle

Evenings at the Sydney Opera House

The Sydney Opera House, poised at the tip of Bennelong Point, has now been in use for 15 years, and remains by far the city's biggest attraction. The first-time visitor here can only add his own humble note to the many songs of praise already in existence for this 20th-century wonder of the world. Whether seen from the opposite shore, the further arm of Circular Quay, or a harbour ferry on its round, Jørn Utzon's dream building with its creamy-pearl mollusc-shell peaks rewards every fresh sighting with new angles and impressions to admire; and from its internal foyers one catches glimpses of the bridge and of great ships passing close by that are hardly less thrilling. As a piece of architectural fantasy from a period whose architectural ideals are now generally being somewhat discredited, the *Opera House* is wearing very well indeed.

As a decent housing for the city's leading providers of music, opera, and dance, however, the place was under a hostile star from the very beginning. The story of how the inner spaces of Utzon's shell were filled, and the confusion, compromise, and dissatisfaction that attended the creation of the actual opera theatre and concert hall, has been sufficiently rehearsed. Reporting in these pages on the 1973 opening, *Andrew Porter* bemoaned "a spectacular building inadequate to most of the purposes it was designed to serve" and called it, for all its beauties, an "unpractical folly."

In the opera theatre the root weaknesses – of inadequate wing space, pit space, and backstage facilities – seem not to have been greatly alleviated, though the pit itself has been deepened, and an orchestra of about 72 can now be shoehorned in. But the Australian Opera, even though its *Aida*-sized operas still have to be staged in the neighbouring concert hall, appear to have learned to live with the place – that is, to make the best of its advantages (which include an audience capacity of 1,500, a good though economically tricky size to fill) and put a good face on coping with the residual space problems.

The company, 32 years in existence, went through a very sticky patch a few years ago, with much-publicized leadership conflicts and a bad plunge into the red, from which it appears to have emerged in good heart and shape. It is the only full-time opera company in the country, with a workload the equal of the ENO's; it is also a company in a real sense, of a kind now sadly disappearing in Europe. The peculiar isolation of Australia means that the singers on the payroll must remain the basis of performances, and that the engagement of foreign guests (such as Donald McIntyre and Paul Frey for the forthcoming *Meistersinger* or Elizabeth Connell in last year's highly-rated Cherubini *Médée*) is carefully rationed.

Apart from *Whitsunday*, the new opera (given in the tiny Drama Theatre) which I reviewed in these columns recently, the Australian Opera had *La Bohème* and *Fra Diavolo* in repertory in the opera theatre during my Sydney sojourn. Neither was a new production or a "big occasion" event, yet both gave off that instantly discernible feeling that distinguishes genuine company performances from international routine: the sense of an ensemble working together more than superficially, the give-and-take that lends its own freshness and vitality.

The Puccini, a cosy, warm-hearted affair, was distinguished by Glenys Fowles's heroine – it is some time since she sang at the Coliseum, and meanwhile she has developed into a lyric soprano of poised, softly eloquent style and timbre, gentle, easy (except at the very top) and *beautiful. It's time she paid us* a return visit. She was not the only former Sadler's Wells, ENO or Covent Garden regular from the Antipodes to be encountered on a Sydney visit: in *Fra Diavolo* the sight and sound of Heather Begg (in full flight and fig as the English milady) and Clifford Grant (the innkeeper) made slight amends for the general air of downmarket tomfoolery. (It was sung in English and supplied with English surtitles!)

The actual long, narrow layout of the theatre promotes intimacy, even if the newly deepened pit removes a layer of orchestral immediacy. Sightlines are excellent, acoustics evidently variable. For all the attendant difficulties, the Australian Opera in the Sydney Opera House feels like a first-league company very much at home.

I also had the good fortune to hear the Sydney Symphony Orchestra in its own home, the larger (2,700 seats) concert *hall lying under the adjscent* mollusc-shell. The plainness of the interior is not specially inviting, hnt the sound is good, and the SSO itself, under Stuart Challender's principal conductorship, has developed a corporate sound-identity and personality that place it among the world's important orchestras.

On this occasion Jorge Mester was the guest conductor, and the programme contained a revival of the poetically elegiac, beautifully written Horn Concerto (1965) that Don Banks (1923-80) wrote for Barry Tuckwell, who here played it with quite marvellous refinement of tone and understanding of form and content. Banks, the Australian composer long resident in London who returned to Sydney for the last decade of his life, deserves and always rewards reviving. It was also a pleasure, albeit of a less subtle kind, to have Respighi's *Pines of Rome* as concert-closer. It set the auditorium and its ceiling-installed organ ringing: a good way to survey the merits of any concert hall.

Max Loppert

Beethoven's Leonore

FESTIVAL HALL/RADIO 3

The "Beethoven Plus" series currently occupying the South Bank halls has joined forces with the London Philharmonic Orchestra to present, six days apart, concert performances of *Leonore* and *Fidelio*. Gratitude is in order: it is an inestimable benefit to be given the opportunity to compare and contrast Beethoven with himself in this way, a rare stroke of bold planning on the London concert scene (Sunday's *Leonore* was rewarded, alas, as such boldness all too often is, by a less-than-full hall).

The Beethoven opera first performed, unsuccessfully, in 1805 remains little-known (though it was staged at the Coliseum in 1970, and later recorded by EMI/Electrola), while its radical re-moulding nine years later (still called *Leonore* but which we now know as *Fidelio*) is generally considered one of opera's sublime achievements. But that does not render *Leonore* in any way negligible: Sunday's performance made one insist once more on the point.

The obvious conclusions must be re-stated: the 1805 opera, longer, more richly scored and musically more expansive than in its 1814 revision, is unwieldy. Beethoven later reduced its three acts to two, altered and tightened the plot, found marvellous ways of telescoping and concentrating passages of repetition, simplified writing of sometimes horrendous difficulty for his singers and instrumentalists (those horn parts!), and discovered stroke after stroke of dramatic intensification (such as in the sequence whereby Leonore's big aria, comprehensively reworked, now follows the Pizarro-Rocco duet – in the original a charming but "domestic" duet for Leonore and Marzelline intervened, and this Beethoven removed entirely).

But in doing all this and much more he sacrificed – invariably for the right, drama-focussing reasons – some glorious pages. The loss of the 1805 full-length reconciliation between Leonore and Florestan, with its elaborated dialogue and recitative and ecstatically prolonged duet, must always cause a pang when one hears *Fidelio*. The "case" of *Fidelio*-versus-*Leonore* may be more clearcut than it is in other well-known instances of operatic self-overhaul such as are provided by the different versions of, say, Gluck's *Orfeo* and *Alceste* or Verdi's *Don Carlos*. *Fidelio* is a universal masterpiece; in *Leonore* one senses much more readily the contemporary influences working on Beethoven (for instance, that of Cherubini's *Les Deux Journées*, the pressures of contemporary taste and expectation as well as the startling marks of genius already present in the original. For many reasons it is a profoundly moving, illuminating experience to hear *Leonore*.

The LPO has been trying out a canny differentiation of style in its two concert performances. Next Saturday's *Fidelio* is to be conducted by Kurt Masur, one of the day's most admired "traditional" Beethoven conductors. *Leonore*, by contrast, was led by Roger Norrington, who has recently been winning high praise for his original-instrument, period-conscious Beethoven symphooy performances. It was a fascinating and worthwhile experimeot, not wbolly successful, since the orchestra's ability to re-think its corporate sound-personality in Norrington's lighter-sonority, faster-tempo terms was not yet absolutely secure (though the horns and bassoons coped brilliantly).

One warmed to the conductor's determination not to let a moment or a line flag, but not every tempo choice seemed geared to the vocal capacities of the chosen cast (Norman Bailey, who no longer carries the big guns for Pizarro, would particularly have benefited from a more relaxed handling of his music). The placing of the all-British cast behind the orchestra reduced their projectile impact, and increased the impression of singing more notable for accuracy than dramatic power, colour, or energy of personality – only Philip Langridge's Florestan combined these qualities in any degree.

In the title role Suzanne Murpby threw off some astonishingly confident phrases (the 1805 vocal writing is cruelly high and florid), along witb otbers ill-tuned, white-toned, or verbally recessive (she dealt very movingly with the pruned spoken dialogue). Lesley Garrett (a somewbat insistently bvely Marzelline), Richard Van Allan (Rocco), Maldwyn Davies (Jacquino) and David Wilson-Johnson (Ernando) were the other cast-members; the LPO chorus sounded a mite uncomfortable under Norrington's baton.

Max Loppert

Marianne Hirsti

WIGMORE HALL

Marianne Hirsti is a young Norwegian soprano, so far mainly active in Germany and her native land, about wbom more than one good report has been received on the musical grapevine. Making her London recital debut at the Wigmore Hall on Thursday, sbe proceeded to live up to the build-np: a youthful light soprano of spring-fresh quality, wonderfully accurate in placement and tuning, allied to a bonny musical personality. She sang a full, interesting programme, and made much of it. Those Londoners who failed to turn up on this occasion are strongly advised to wstch out for the next: I feel Miss Hirsti's future as a recitalist could be an important one.

Tbere is a touch of the young Elly Ameling about the very attractive no-nonsense style and the pure silver tones in whicb it is forged. Nothing wbatever of the soubrette attaches itself to Miss Hirsti's performances – in her opening Mozart group all hint of Viennese sugared coyness was firmly svoided, and the following Schubert selection of the two "Suleika" songs struck out for drama rather than picturesque seotimeot. Some might even have found the manner a toucb brisk ("Abendempfindung" and the second "Suleika" botb seemed to go just that degree too fast for certain emotional half-lights to register).

But straigbtforwardness of this kind is always infinitely preferable to the opposite – and anyway tbere is still plenty of time for Miss Hirsti to develop her own natural way of sharper point-making, since the basis of ber Lieder singing is already so soundly establisbed. This was proved hy the Mahler songs that she sang at the close of tbe first half – freely yet trimly shaped and smilingly characterised, with Rudolf Jansen's piano support at its most involved – and by the ravisbing bunch of Schnmann-like German settings by Grieg in the second. There were also Szymanowski's Joyce songs and some early Debussy (Miss Hirsti's Englisb is very good, ber French less so). In sum, this debut left a radiant impression: I look forward to its follow-up.

Max Loppert

Christopher Homberger

WIGMORE HALL

For most lieder singers, Scbubert's *Die Winterreise* is the highest peak in their repertoire. The work calls for a lifetime's experience from its interpreters, and for that reason it is easy to forget that this is music written hy, and presumably about, a still youthful man.

It certainly does not happen often that one hears the cycle performed by a singer wbo is substantially younger tban Schubert was at the time he wrote the work, but that was tbe case with Saturday's recital at the Wigmore Hall. The young Swiss tenor, Christoph Homberger, sang his first *Winterreise* at the age of 19, and now, at 25, can reasonably consider himself experienced enough to present his view of it in public.

Indeed, from this London dehut it would seem that his understanding of the music is running ahead of the purely technical function of managing the voice. This is by nature a light and expressive instrument; but for much of the time the singer was content to let it float away into a shallow head-tone, rather than supporting the voice fully and using it to follow through with phrases of the proper hreadtb and weight.

In some of the most challenging songs – "Der greise Kopf" or "Letzte Hoffnung" – the main hody of the song would be satisfying, the words clear, the placing of expressive ideas judged with unusual maturity. But in the final lines, wbere Schubert tests his singers by stretching the voice to its extremities with pbrases whicb bear the full weigbt of the music's sorrow, Homberger does not have the vocal resilience to clinch the ending.

As a wbole performance, however, tbis *Winterreise* gained in assurance as it went along. Homberger has an impressive accompanist in Ulricb Koella, and, as a team, they have felt their way inside this score to give an account of it that was both full of detail and well paced overall. The last half-dozen songs acquired a depth of understanding that undeniahly bodes well for their future.

Richard Fairman

SALEROOM

Lyegrove is an attractive Jacobethan bouse, with later additions, situated in the Beaufort country near Badminton in Avon. For many years it belonged to the Westmoreland family, but was in a rather sorry state when acquired by Christopher Cowlin in 1984. Ha repaired it and filled it with period furniture, mucb of it acquired at country bouse sales. He is now moving to a smaller house and Christies disposed of ths contents yesterday. Tbe morning session brought in £580,821, more than the expected total for the day, with virtually everything going.

Tbere was some interesting evidence of the growing popularity of English furniture. A set of 18 George IV mahogany dining chairs, sttributed to Gillows of Lancaster and part of the furniture in Lord Brownlow's home, Belton House in Lincolnshire, before he sold them in his 1984 clear out for £7,560, fetched £39,600 yesterday.

Just as impressive was an early George III mahogany side table with a 17th century pietra dura top. In the Christie's Wateringbury Place sale of 1978 it realised £3,800. A decade later it is worth £24,200 to the London dealer Christopher Gibbs, wbo no doubt expects to sell it on at a handsome profit.

Antony Thorncroft

ARTS GUIDE

September 23-29

OPERA AND BALLET

London

Royal Opera, Covent Garden. The long-awaited new staging of Wagner's Ring by Yury Lyubimov, conducted by Bernard Haitink, begins at the beginning, with Das Rheingold. James Morris (Wotan), Kenneth Riegel (Loge), and Ekkehard Wlaschiha (Alberich) head the cast. Also in repertory: Turandot, with Gywneth Jones in the title role, and Die Entführung aus dem Serail, conducted by Jane Glover.

English National Opera, Coliseum. First new production of the ENO season is David Pountney's radical staging of La Traviata. Mark Elder conducts, and Helen Field, Arthur Davies and Alan Opie are the principals. Pountney's ugly, coarse-grained modern-dress Carmen sports at least a fine cast (including Jean Rigby, Jacque Trussel and Sergey Leiferkus) and conductor (Yan Pascal Tortelier). The limply staged Tosca production by Jonathan Miller has the vivid Janice Cairns in the title role, Edmund Barham, and Malcolm Donnelly (836 8161).

Michael Clark and his troupe, for those who like post-modern dance.

Paris

Opéra. Verdi's Rigoletto conducted by Alain Lombard/Alain Guingal returns to the Palais Garnier after 18 years' absence with Neil Shicoff/Taro Ichihara as the Duke of Mantua, Alain Fondary/Manuguerra as Rigoletto and Alida Ferrarini/Christine Barbaux as Gilda (474 25750).

Palais des Sports, Alvin Alley and the American Dance Theatre present the Suite Afro-Caraïbes for bird, with love and revelations. (Bookings 48.28.40.90; information 48.28.40.48). Until Oct 16.

The Hague

Danstheater. The Netherlands Opera production of Bluebeard's Castle by Bartok, with Hank Smit as Bluebeard and Kathrine Ciesinski as Judith. Directed by Herbert Wernicke, with the Netherlands Philharmonic under Hartmut Haenchen (Tue). (60 49 30).

Amsterdam

Muziektheater, the Carolyn Carlson dance company with the première of Dark (Tue to Thur). (255 455).

The National Ballet and the Schönberg Ensemble under Reinbert de Leeuw on tour with a new ballet by Jan Linkens to music by Janacek, Glenn Tetley's Pierrot Lunaire, and Hans van Manen's Five Tangos, Tue in Heerlen, Schouwburg (71 66 07), Wed in Arnhem, Schouwburg (422 741).

Vienna

State Opera. In repertory: L'Italiana in Algeri conducted by Claudio Abbado, with Georg Tichy, Agnes Baltsa, Patrizia Pace (Wed). Tanz-Schule, ballet by Mauricio Kagel, conducted by Arturo Tamayo, with Ballet d'Action (Tue). Boris Godunow, conducted by Mark Ermler, with Paata Burdschuladse, Rohangiz Yachmi, Noriko Sasaki, Czeslawa Slania, Heinz Zednik (Thurs). (51444, ext 2660).

Volksoper. Gasparone by Carol Millöcker, conducted by Rudolf Bibl (Tues). Ballet: Arthur Schnitzler und sein Reigen, conducted by Herbert Mogg (Wed). Cosi fan Tutte (Thur). (51444).

Berlin

Deutsche Oper. Dietrich Fischer-Dieskau lieder recital, with pianist Hartmut Holl, all Schubert programme. Götz Friedrich's production of Falstaff has fine interpretations by Karan Armstrong, Carol Malone, Ingvar Wixell and Wolfgang Brendel. Zar und Zimmermann is s well done repertoire performance.

Hamburg

Staatsoper. The revived production of Eugen Onegin, sung in Russian, is the highlight of the week. The cast stars Bernd Weikl in the title role, Karita Mattila (Tatjana), Daphne Evangelatos (Olga) and Kurt Moll (Furst Gremin). Die Zauberflöte has fine interpretations by Hellen Kwon, Barbara Bonney, Harald Stamm and Kkurt Steit. Der Barbier voo Sevilla brings together Cecilia Bartoli, Leo Nucci, Giorgio Tadeo and Jewgenif Nesterenko. Also offered this week, Artus-Sage, choreographed by John Neumeier.

Cologne

Opera. A new production of Faust brings Ferrucio Furlanetto back to Cologne opera in the title role; the cast also includes Ludwig Baumann and Ashley Putnam. Das Gauklermarchen, the first opera compositioo by Gerhard Konzelmann, received controversial reviews. Ein Sommernachtstraum is steered to triumph by Paul Esswood and Teresa Ringholz, brilliant as leads. Die Italiener in Algier rounds off the week.

Bonn

Opera. Graham Vick's successful production of Don Pasquale is revived with Rolando Panerai, Angela Maria Blasi and Bruno Pratico. Semiramide, the first new production this season, produced by Pier Luigi Pizzi, has an interesting cast led by Cheryl Studer in the title role, Kathleen Kuhlmann and Jean-Philippe Lafont.

Frankfurt

Opera. Il Barbiere d'Siviglia features Alice Baker and Alessandro Corbelli. Tosca has Galina Kalinina outstanding in the title role. Fidelio takes the leads Stephanie Sundine, William Cochran and Wolfgang Probst.

Milan

Teatro Alla Scala. Homage to Strauss: the Munich Bayerische Staatsoper's production of Die Schweigsame Frau, conducted by Wolfgang Sawallisch and directed by Gunther Rennert. The cast includes Birgit Calm, Julia Faulkner, Alfred Kuhn, Kurt Moll and Wolfgang Rauch (Tues).

Florence

Teatro Comunale. The season begins with Verdi's Simon Boccanegra, conducted by Myung-Whun Chung and directed by Virginio Puecher, with Giorgio Zancanaro in the title role and Maria Chiara as Amelia; the scenery and costumes are based on sketches from the Scala archives of those used for the second version of the opera performed.

Chicago

Lyric Opera (Civic Opera House). Miriam Ganci as Lisa and Frank Lopardo as Elvino in Sandro Sequi's production of La Sonnambula, conducted by Donato Renzetti (322 2244).

Tokyo

Teatro alla Scala, Milan. La Bohème, conducted by Carlos Kleiber, directed by Franco Zeffirelli, with Mirella Freni, Peter Dvorsky, Barbara Daniels, Jonathan Summers. Tokyo Bunka Kaikan (Tues, Thurs). Turandot, conducted by Lorin Maazel, directed by Franco Zeffirelli, with Ghena Dimitrova/Galia Savova in the title role, Nicola Martinucci/Giorgio Cassellato Lamberti as Calaf, and Daniela Dessi/Lucia Mazzaria as Liu. NHK Hall (Wed) (725 8888).

Trisha Brown Company from the United States in Set and Reset. Quest Hall (359 9650) (Thurs).

FINANCIAL TIMES

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Tuesday September 27 1988

Britain's new Democrats

MR PADDY ASHDOWN has made a good start as leader of Britain's Democrats, a party whose new short title is less confusing than its formal name, the Social and Liberal Democrats. He has spent most of the two months since his accession to the leadership in careful preparation for this week's party conference in Blackpool. He has begun to take charge of a disparate group made up of most of the former Liberal Party and the larger part of the Social Democratic Party. The results are beginning to show, in both organisational and political terms.

As to organisation, one danger was that the internal bickering which was so familiar at Liberal assemblies would mar the launch of the new party. Another was that the doubts of both parties to the merger would persist to the extent that the old divisive arguments between them would be rehearsed once again.

In the event Sunday morning's debate on the party constitution was an orderly affair, and the outcome – a clear vote to stick with the present tortuously negotiated document, at least for the time being – was evidence of a widespread desire for unity.

Encouraging vote

Yesterday's overwhelming vote in favour of the short title "Democrats" was equally encouraging for Mr Ashdown, although most ex-Liberals among his parliamentary colleagues do not wish to abandon a party label that has a long and distinguished history. The new leader will be tested by his handling of his recalcitrant colleagues. He will remind them that MPs or candidates may still call themselves "Liberal Democrats" for local purposes, just as Conservatives use the name "Unionist."

The evidence that the Democrats can, by and large, manage their own affairs is thus only slightly tarnished (so far). It is, however, the prospect of a sharper political focus that gives them the best chance of increasing their standing in the polls from the present 8 per cent or so.

Mr Ashdown has stated unequivocally that he supports the retention of the Trident missile system and, indeed, Britain's nuclear capability – although he would like multilateral disarmament to be negotiated one day. This enables him to claim to be as staunch about defence as Mrs Thatcher, with the difference that the British Prime Minister finds difficulty in accepting any vision of a non-nuclear world. The Democrats are unequivocally committed Europeans, Brussels and all.

The new party is also placing strong emphasis on protection of the environment, both in the international sense (which meets some voters' underlying concerns about global devastation) and domestically (where the Tories are divided about the erection of houses and factories in the countryside).

Citizen's choice

Mr Ashdown approaches social issues by reference to citizenship, arguing that every citizen is entitled to choice in matters of health, education, social services and the like. The Democrats' policies are yet to be put forward in detail, but there appears to be room for a public/private mix in the provision of these "entitlements."

The "citizenship" agenda includes such items as electoral reform, a bill of rights, freedom of information and similar causes dear to the liberal heart. There has also been much debate in Blackpool about "community", or "neighbourliness," which should play to concerns about the condition of local government.

What is still lacking is a simple unifying theme. Most British voters think that they know what "Conservative" and "Labour" stand for. Dr David Owen has chosen proportional representation, nuclear defence and the social market economy as the flags behind which his rump Social Democratic Party will march. The Democrats do not disagree with him to any great extent on any of this, but they are sensibly determined to establish their own identity, even if that means fighting the SDP in a number of constituencies where the latter retains vestigial strength. They will find this easier to do if they move quickly from the level of high intellectual debate established at Blackpool towards a presentation that has greater popular appeal.

Egypt and its creditors

THE EGYPTIAN Government is this week undertaking one of its periodic bursts of high-level diplomacy, exposing once again the flimsy tightrope which President Hosni Mubarak is having to tread on both political and economic issues.

In New York, Mr Esmat Abdel-Meguid, the Foreign Minister, was due yesterday to meet Mr Shimon Peres, his Israeli counterpart, together with President Ronald Reagan in an effort to demonstrate that some form of US-sponsored peace process is alive in the Middle East.

In London, Mr Mubarak held talks with Mrs Thatcher and other senior British figures in order to underline Egypt's responsible role in the region and to plead for more lenient treatment from the country's creditors.

The Egyptian President must feel distinctly uncomfortable on both counts. Politically, Egypt remains a marginal player in the Arab-Israeli conflict. Economically, the country is faced with mounting difficulties in servicing a foreign debt of at least $44bn and meeting the needs of its rapidly rising population in the International Monetary Fund argues for root-and-branch reform.

Fundamental ills

The link between Mr Mubarak's two dilemmas is close. His predecessor Anwar Sadat went to Jerusalem and Camp David to ease the burden of military confrontation with Israel and, at least in theory, to free resources for Egypt's civilian economy. But the billions of dollars in US aid which the peace treaty with Israel brought has done nothing to cure the country's fundamental economic ills, and has arguably postponed the day when difficult decisions will have to be taken.

Egypt is in an unhappy double bind: politically beholden to the US and becoming ever more addicted to external assistance as its people's living standards decline. It is against this background that the IMF is making yet another attempt to persuade Cairo of the need for economic reform and that Mr Mubarak is appealing over the fund's head to political leaders for concessions.

Mr Mubarak describes the fund as a quack doctor prescribing lethal doses; the donor community accuses the Egyptians of merely tinkering with reform. Recently there have been signs that Western lenders are toughening their stance, with the World Bank and the US Agency for International Development withholding soft loans pending further changes in Egypt's heavily subsidised energy pricing system.

Frustrated creditors

The creditors have good reason to be frustrated. While Cairo has gone some way towards meeting their demands – by moving towards a free-market exchange rate, for example – the reforms do little to correct bias in favour of consumption and against production, built into the economy by price controls and wasteful subsidies, or the gross inefficiency of the public sector. Egypt's last standby agreement with the IMF in 1987 collapsed partly because it had been weakened as a result of Mr Mubarak's political lobbying. Purists would argue that by acceding to these pressures, Western leaders merely make things worse both for Egypt and its creditors in the long term.

This misses at least part of the point. Unlike some other African countries, Egypt has been allowed to get away with its poor record of economic management precisely because of its importance in the Middle East. As Mr Mubarak tells his interlocutors, reform at the pace demanded by the IMF might severely threaten his regime, just as a sharp rise in bread prices threatened President Sadat in 1977. Although this argument is self-serving to an extent, nobody in the West, least of all the US as principal paymaster, is likely to risk calling his bluff.

In the circumstances, the creditor community, while keeping up the pressure for reform, should be under no illusions as to the long-term nature of the exercise.

Max Wilkinson reports on the struggle by oil producers to confront sagging oil prices and rising output

Opec's dangerous market game

Like an army without a leader, the Organisation of Petroleum Exporting Countries appears now to be held together more by the memories of past glory than by coherent strategy.

The weakness and indecisiveness of the 13-member cartel, which caused alarm among the major oil companies this summer and despondency in the markets, were oddly emphasised by the arrangements for last weekend's meeting of the five-member pricing committee.

The meeting was convened as a result of the near panic in world oil markets which followed well based reports two weeks ago that Saudi Arabia opposed the meeting on the grounds that it would not achieve anything and should not take place. Crude prices, which had been weakening through the summer, largely as a result of over-production by Saudi Arabia and its "moderate" allies Kuwait and the United Arab Emirates, plunged below $13 per barrel.

Then Algeria became seriously worried, as indeed did Venezuela. After urgent consultations, the Opec secretariat in Vienna announced a few days later that a price committee meeting would be held after all. Prices became firmer. However the venue was to be a secret, mainly because Opec ministers wanted to avoid having to tell hordes of waiting pressmen that they had been unable to decide anything of importance.

Like most Opec secrets, this one got out. So the meeting, in an Indonesian embassy building in Madrid, was forced to come up with something to keep the press – and the markets – at bay. The solution, agreed yesterday, was to call yet another meeting, not of the full Opec group, but of a revived "strategy committee".

This will consist of the ministers from the five countries represented on the pricing committee, Algeria, Indonesia, Nigeria, Saudi Arabia and Venezuela, with the addition of Iran, Iraq and Kuwait. The danger of the game which Opec is now playing with market confidence was made clear on Friday night when a rumour that Mr Hisham Nazer, the Saudi Oil Minister, was sending a deputy to Madrid was enough to push crude prices on the New York Mercantile Exchange down almost 50 cents to $11.50.

Alarm has not been confined to the "Wall Street Refiners", who trade in steadily increasing volumes of paper barrels without ever seeing a drop of the real stuff. Two weeks ago, when the market was at its most jittery, Mr Robert Horton, a managing director of British Petroleum, made an extraordinary public appeal to Opec to "shoulder a unique responsibility", and to call an emergency meeting before its next scheduled conference on November 20.

This odd break with the major oil companies' traditional restraint in discussing Opec policies followed by only a few weeks a sombre warning from Mr John Jennings, a group managing director of Royal Dutch/Shell, that oil prices were likely to remain weak – perhaps even falling in real terms – until the end of the century.

The outspokenness of both executives, which caused a ripple of horror among industry conservatives, must be presumed to reflect a big change in the character of Opec and its ability to stabilise crude prices on which so much oil industry investment depends.

The most obvious change this summer was Saudi Arabia's decision to abandon any pretence that it would stick to the official price for its official Opec production quota of 4.34m barrels per day. In August Saudi Arabian crude output had risen to 5.1m b/d, and by this month senior Saudi officials were positively boasting that production had hit 5.2m b/d.

It is obvious that to achieve this level of output in a market where supplies are plentiful and stocks are high customers must be offered substantial price discounts. The present policy of pushing for market share at the expense of price is a complete reversal of that announced by King Fahd, the Saudi ruler, two years ago when he sacked his Oil Minister Sheikh Ahmed Zaki Yamani.

Indeed, the present Saudi policy seems to many in the oil industry to be frighteningly similar to that adopted by Yamani in late 1985, when he opened up the Saudi valves by offering cheap oil to his customers in a series of "netback" deals. These were market-related prices, which guaranteed an agreed margin to refiners. After a traumatic free-for-all in 1986, during which world crude prices fell from around $30 per barrel to $8, Yamani was sacrificed to signal a return to production discipline and a fixed price target. Now two years later, the Saudi policy seems in some ways even bolder than that adopted by Yamani. For in the summer of 1985 Saudi Arabia's oil production had fallen to little more than 2m b/d, only about a quarter of its capacity and a fifth of it's all-time record in 1979. This fall was a result of its adoption of the role of "swing producer", balancing supply and demand at a price of $27 to $30 per barrel. Yamani realised that this could not go on and that some lowering of prices was needed, first to frighten other Opec members who were cheating on their quotas, and secondly to reverse the decline in demand for oil.

Even in the worst period of 1986, when Opec was being given up for dead, Saudi Arabia did not exceed its quota as it is now doing, and certainly never gloried in the infraction. This month Saudi Arabia, Kuwait and the UAE are producing some 2m b/d more than their official quotas.

Pushing for market share at the expense of price is a complete reversal by King Fahd

This is more than enough to explain the slide in prices. According to estimates by the Paris-based International Energy Agency, the amount of Opec production needed this autumn to balance world supply and demand for crude is about 20m b/d, not much more than what the 13 countries are actually producing, according to industry estimates.

Although stocks are now high – enough to unleash perhaps 2m b/d on to the market for a couple of months, it is fairly clear that a moderate amount of production restraint would be enough to push the price back towards the $18 target, or at least safely above $15 as it was in the earlier part of this year.

Moreover, since 1986, lower oil prices have been gradually moving the market in Opec's favour as Yamani predicted they would. The latest IEA estimates suggest that industrial world demand for oil has been growing at a steady 2 per cent per year, mainly for transport needs which have expanded as a result of general economic growth. This rising demand for oil increases the production cake available to be shared among Opec members by some 700,000 b/d each year.

In spite of the fact that the call on Opec oil production is now some 2.5m b/d greater than it was in 1985, neither the oil industry nor indeed Opec ministers themselves are showing much confidence that they can grasp the opportunity, always just a little ahead, to reassert dominance over the market.

There are several reasons for this. Perhaps the most important, though the least easy to define, is the loss of a strong leadership within Opec since Yamani's departure. His successor, Hisham Nazer, though an intelligent and well-liked man, was never able to assert the same kind of authority as his predecessor. This is partly because he is seen to have little independence from King Fahd, who has been relatively remote. The evolution of Saudi policy from the Yamani line to a fixed $18 target and now to the present high production stance has been, to say the least, opaque.

For a time, in 1986 and 1987, it seemed as if the Saudis were in any case becoming subservient to the military blustering of Iran, but with the ending of the Gulf war the Iranians have receded. After a long wrangle about who should become Secretary General, Opec appointed Dr Subroto, the former Indonesian Oil Minister, but his authority in the post has yet to be put to the serious test.

It is indeed particularly ironic that the strategy committee which was revived yesterday met in the 1970s under Yamani's chairmanship in an effort to find ways of satisfying the inexorable rise in the industrial world's demand for oil.

Now with exactly the opposite problem, Opec's difficulty is that it is in danger of evolving a system of perverse incentives within its own ranks, which no one has seemed strong enough to break apart. Over-production by the major Gulf producers is clearly designed to establish individual countries' *de facto* positions ahead of the next negotiations about quota allocations.

Since 1982, the 13 countries have repeatedly failed to find a new formula to allocate production between them. All attempts to find a "fairer" or more "objective" share-out ran into insuperable objections from one group or another. So, at repeated meetings, the allocation agreed in 1982 has been reasserted with adjustments, even after Iraq refused to take part.

But now this quota sustem, which envisaged total output of 16.6m b/d including Iraq, is hopelessly out of date. Not only has world demand risen, but Iraq's production capability is expanding fast. By next September, when its new pipeline to the Mediterranean will be fully operational, it will be able to produce 3.6m b/d, and perhaps well over 4m b/d soon after that, by the use of loading facilities in the Gulf.

Iran, meanwhile, is planning to expand its production as fast as it can to earn money to repair war damage. Although expensive gas injection equipment would be needed to increase greatly output from its bigger fields, it could probably produce 3m b/d before long, and would undoubtedly like to move closer to its pre-war output level of 6.6m b/d in due course.

Moderate production restraint would be enough to push prices back towards $18

Iraq's old argument that it must have parity of production with Iran still rages, with the twist that Iraq has now overtaken its old rival. A sour joke in Opec circles has it that Iraq has now agreed to parity – with the Saudis.

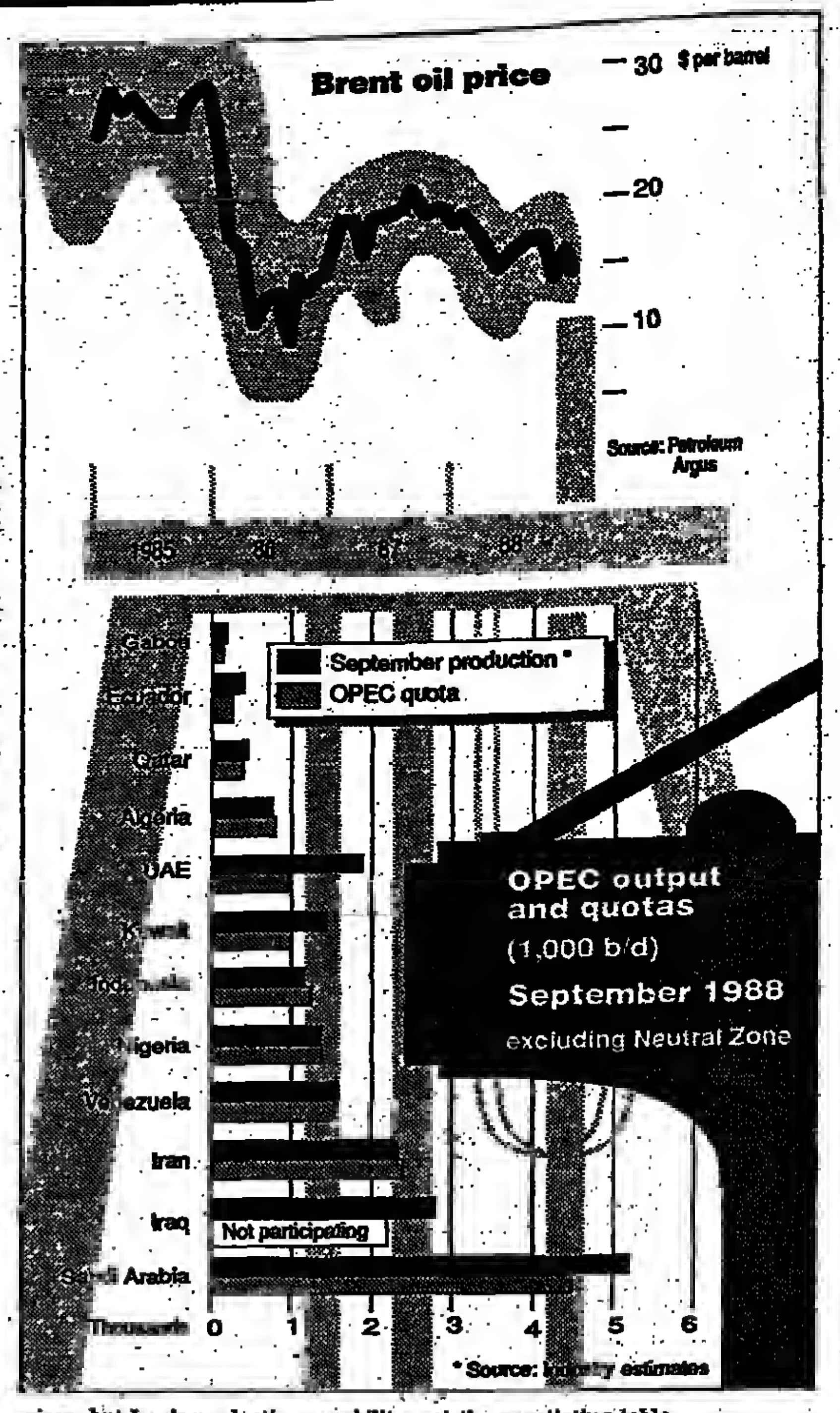
This joke is very unfunny in Riyadh: it largely explains why Saudi production put on such a spurt after the ending of the war. It, too, is trying to establish a high level of actual production from which it can agree cuts at the negotiating table.

The trouble with this way of proceeding is that it gives a long-term reward for cheating and penalises the virtuous who stick to their output quotas. This cartel is therefore in danger of becoming inherently unstable as well as weak, unless it can reach a a new formalised agreement about quotas fairly soon. This will be made more complicated by the increasing trend for Opec countries to move "downstream" into marketing and refining. The acquisition of downstream assets by Kuwait, Venezuela and Libya (including Kuwait's 21 per cent of BP) and the Saudi purchase of two Texaco refineries in the US, are dramatic examples of the trend. This means that increasing amounts of crude can be pumped into refineries without any reference to an Opec target price.

Opec must also find a way of replacing Saudi Arabia as the "swing producer", a role it has repeatedly rejected in the last two years, even though it has covertly taken some of the burden in periods of serious weakness.

The new committee, including Iran and Iraq, will perhaps be able to prepare the way for agreement on this and a series of important technical disputes ahead of the November meeting.

Nobody disagrees that the way for Opec to increase revenues is to make the modest production cut needed to tighten the market, an easy road – except that not one member of the 13 wants to take the first step.



OBSERVER

Low Marks in Berlin

■ The gossip from the IMF meeting in Berlin is mainly that the West Germans are still quarrelling among themselves. Dr Gerhard Stoltenberg, the federal Finance Minister, is at odds with the Bundesbank over the exchange rate. He favours the present relatively low D-mark and high dollar because he thinks that it is good for German industry. The Bundesbank, on the other hand, is worried about the effects on inflation.

The argument about the role of the Bundesbank in any Franco-German council of monetary cooperation continues. The Bundesbank wants a declaration of its own independence written into the preamble of the agreement. The Federal Government, which is a coalition of Christian and Free Democrats, has still not made up its mind.

There are also disagreements among commercial bankers about third world debt. The Deutsche Bank appears to be veering towards accepting the principle of "debt-forgiveness", but a leading light from one of its competitors was heard saying very firmly: "I have not worked 16 hours a day for 40 years so that Argentine politicians can salt away a fortune in Zurich."

Meanwhile, Nigel Lawson, the Chancellor of the Exchequer, yesterday became the longest serving British Treasury Minister since Gladstone. The service was not continous; it includes Lawson's period as Financial Secretary in the early years of the Thatcher premiership. The longest serving British Chancellor this century remains Neville Chamberlain, though Lawson could see him off yet.

Lawson was also named yesterday Finance Minister of the Year by the magazine Euromoney. He is the third member of the Louvre group to have won the award. The Louvre accord of September 1985 effectively devalued the dollar and seemed for a time to mark a turning point in international economic cooperation. James Baker, then the US Treasury Secretary, received the Euromoney honour (in fact, a silver tray) in 1986, and Edouard Balladur, then the French Finance Minister, in 1987.

Asked why Lawson had received the award this year rather than last, which seemed to be his star performance at home, one of the judges said: "You don't necessarily give Kingsley Amis the Booker Prize after his best novel."

The official British delegation has now twice complained to the IMF press office about journalists being allowed access to the conference's corridors of power. The best way to get in is to become attached to a bank or some kind of lobby, and that is what the teenage scribblers of the City have done.

Toy Tornado

■ Dr Mahathir Mohamad, the Malaysian Prime Minister, who is now on a trip to Britain, has two vocations other than politics. A medical man by profession, he is also an accomplished carpenter. On a previous visit he attended a woodwork course in Derbyshire. This time he was to have been made a freeman of the Worshipful Company of Carpenters in recognition of his skill.

"Unfortunately," says the Company's clerk, Capt Kenneth Hamon, "a ballcock fell off the tank high up in the roof of Carpenters Hall, and the staircarpet got messed up, and we can't do anything about it." Mahathir will have to come back another time for the ceremony. But he did have other things to do, like signing the government-to-government defence agreement with Margaret Thatcher. Such is the Malaysian leader's liking for the Tornado strike aircraft that he has constructed a wooden scale model of it in his workshop.

"A week's a long time in politics and show business."

Wrong leader

■ The editor's nightmare happened in Tokyo yesterday, as the Mainichi Daily News prematurely published a leading article regretting the death of Emperor Hirohito. The Mainichi, the poor English language sister to one of the leading Japanese dailies, caught the error early in its print run, removed the editorial and recalled as many copies as possible. But the Japanese take mistakes of any kind very seriously. Noboru Watanabe, head of the Mainichi group, immediately visited Mr Shoichi Fujimori, director general of the Imperial Household Agency, to apologise. And if recent examples of Japanese newspaper faux pas are any guide, the episode will not end there. Someone at a fairly high level is likely to suffer a pay cut or even be fired.

Nice and easy

■ A record number of warships has assembled in Sydney harbour. The girls like it: the anti-nuclear lobby does not. The Bicentennial Naval Salute involves around 60 warships from 16 countries. Some 18,000 sailors are about to be unleashed on Sydney's streets for the next nine days. And, to judge by the demands made on the Navy's "Dial a Sailor" hotline, they will be most welcome.

The anti-nuclear are less enthusiastic, but no less adventurous. As more than 30 of the ships came into the harbour yesterday, protesters sailed a flotilla of kayaks, yachts and rubber craft as near to the ships' bows as police vessels would allow. More demonstrations are expected today when the British aircraft carrier, HMS Ark Royal, and the American battleship, USS New Jersey, make their grand entrance.

On Thursday about 2,500 sailors will march on Sydney's streets. On Saturday the Duke of York, who has already arrived on the HMS Edinburgh, will review the fleet. There will be a military and civilian flypast and the Salute, followed by Australia's biggest-ever fireworks display. Maybe there's something to be said for the old place, after all.

Dead letters

■ Overheard on the train: Woman, worried about the possibility of having to pay the poll tax if she signed the electoral registration form she had just received: "If I write 'deceased' on the form, do you think they would find out I'm not dead?" Friend: "Not unless you sign it."

LETTERS

Widespread disquiet on flotation

From Mr Thomas Lines.

Sir, You report that Phillips & Drew placed the Abbey National near the top of a performance table of leading building societies ("Smaller building society tops performance table," August 15). Your reporter said that this "will provide some encouragement for Abbey National's proposed flotation."

It is hard to square this comment with the developing debate about flotation.

One of the main arguments used by the Abbey National board to justify their proposal is that the sale would improve its ability to compete. Yet, the Phillips & Drew study shows that, as many would have guessed, the Abbey National is *already a highly competitive* building society.

If conversion to a company were really to provide such a spur to competitiveness, why has no other society announced *that it will follow* the Abbey National?

The Halifax and the Leeds building societies — which might be thought in greater need of such a spur as they apparently showed up less well on the Phillips & Drew table — have publicly set aside their plans for such a sell-off. Scotland's leading society, the Dunfermline, has made clear that it has no plans to abandon its members in this way.

Sir Campbell Adamson, chairman of the Abbey National, seems very isolated in his belief that selling the society to shareholders will somehow make it more competitive. Is it not time that he took note of the widespread disquiet the proposal has aroused among Abbey National members and stopped wasting their money on preparing for a scheme which almost no one wants?

Thomas Lines,
Co-ordinator for Scotland,
Abbey Members against Flotation,
18 Kaimes Grove,
Kirknewton,
Midlothian

Lessons from Japan

From Mr J.A.A. Stockwin.

Sir, In your editorial "Power games in Japan" (September 13), you refer to "the peculiar Japanese tradition that the ruling party should strive to reach agreement with the opposition parties rather than ride roughshod over them."

If "peculiar" is meant to be derogatory, I tend to disagree. When a party has been in power for a very long time, as in Japan, a habit of talking with, even buying off, but yet at times conceding to, the opposition is essential to maintain some semblance of democratic government.

It is often forgotten that politics in Japan in the 1950s and 1960s were anything but consensual, and that the lower political temperature that exists today owes much to the fact that the ruling party has been astute enough to parley with the opposition.

Might not British politicians learn lessons from this? Whichever party is in power, the grand old British tradition of "winner takes all" may not necessarily lead to the best of all worlds.

However, the issue is a complicated one and it would be interesting in a few years time to conduct a retrospective comparison of the politics of poll tax in Britain with the politics of consumption tax in Japan.

J.A.A. Stockwin,
Nissan Institute of Japanese Studies,
1 Church Walk,
Oxford

Time for immediate attention

From Mr R. Brown.

Sir, Mr Tony Ridley, chairman of London Underground, in launching a five-year plan for action (September 25), referred to the need for lifting service quality "to the standards which Londoners today quite rightly expect."

While Mr Ridley was dealing with large sums of capital investment, may I point out that there is one service that calls for immediate attention by London Underground management, at minimal cost.

I refer to the fact that many clocks at Underground stations, certainly in central London, always show the wrong time, not just by minutes, but by hours, presumably because they are not regularly serviced.

Londoners, and millions of visitors, have the right to expect accurate time on clocks in such public places.

If Mrs Thatcher ever travelled by tube, she might very well shoot off a Churchill-like memo: "Action this day."

R. Brown,
14 Clerkenwell Green, EC1

Say goodbye to the tunnel

From Ms Mary Carpenter.

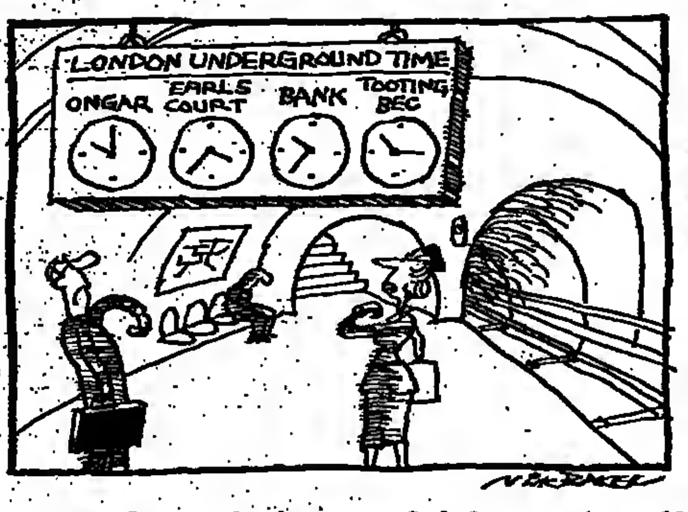
Sir, The "hallo tunnel, goodbye ferries" syndrome visualised by Jonathan Sloggett, Managing Director of the port of Dover ("Dover seeks light at the tunnel's end," September 19") is unduly pessimistic. One wonders if he forgets what the travelling public wants.

There are millions of people to whom even the innocuous Dartford Tunnel is an anathema, and who, when motoring abroad, would not go anywhere near Mont Blanc or the Simplon. These people will never take an underwater route to the Continent. Instead they will enjoy a meal on the ferry, take a rest from driving and forget the tunnel exists.

Let those who want a speedy journey to Paris or Brussels take the tunnel: let those drivers with lorry-loads of perishable goods do the same. But please remember Mr Sloggett, that vast numbers of travellers are used to ferries and have no intention of changing their mode of travel.

We hope the ferries will battle on, both at Folkestone and Dover. There is still plenty of time for both ports to make a few more millions before the tunnel opens.

Mary Carpenter,
Trans-Channel Travel Agency Ltd,
Western Terminal,
Folkestone Harbour,
Folkestone, Kent



Incomes myth

From Mr C.D. Edgar.

Sir, Berkeley Hall may be on to a good idea when he suggests that farmers' returns be considered in the light of total earnings of the farm household ("Tackling the myth of low farm incomes," September 21).

I will back him all the way if *he will also propose that total* household income should be the consideration when fixing returns for other social groups, including university lecturers — a group to which you say he belongs.

C. David Edgar,
Radcliffe-on-Trent, Nottingham

'Stop long-term savers from being unfairly mulcted'

From Mr Martin E. Simons.

Sir, The prospects of the City depend on fair and equitable behaviour. The current bid for TR Industrial and General (TRIG) can hardly be so categorised.

The Standard Life Assurance Company, a major shareholder, sold out without warning to the British Coal pension funds. Thus the pension funds own 36 per cent of TRIG, and hiding behind the obligations of Rule 9 of The City Code on Takeovers and Mergers, made a bid at below asset value for the rest of it.

Barclays de Zoete Wedd (BZW) has the temerity to point out in a letter to shareholders that those accepting the offer will achieve a capital gain of 12.6 per cent and an income increase of 28.4 per cent. It mentions that shareholders may be subject to capital gains tax and recommends them to seek professional advice.

The TRIG report shows that at March 31 1988 there were over 10,000 shareholders who were individuals (85 per cent of the total). Of these over 2,000 had an average holding of 21,300 shares now worth about £27,500. This is a significant investment. Almost all of these 2,000 shareholders will be clobbered by capital gains tax, making a mockery of the claimed income and capital appreciation figures.

Surely a little City ingenuity is called for to stop long-term savers from being so unfairly mulcted for the sake of a marginal benefit for British Coal pension funds.

Let us hope that insurance companies, many of whom are themselves rumoured to be bid targets, and especially those in which TRIG has invested, namely Abbey Life and Guardian Royal Exchange, come to the support of the investment trusts. Some will no doubt rejoice at its travails because they are cost effective competitors of unit trusts.

Martin E. Simons,
24 Granard Avenue, SW1

Grand vision on the South Bank

From Dr John Parker.

Sir, Several important points are overlooked in Colin Amery's article on the future of the South Bank (August 22).

The original idea of inserting the Museum of the Moving Image under Waterloo Bridge arose in the mid-1970s, long before Brian Avery, the architect of the new building, came on the scene.

Like so many other good ideas, it came from the client: Leslie Hardcastle of the National Film Theatre (NFT). It is marvellous to see this exciting project finished at last and I hope Brian Avery will ensure that earlier architects and others involved receive due credit.

On a separate matter, Colin Amery mentions the proposal to redevelop the site at the eastern side of Jubilee Gardens, near the railway viaduct, into a theatre. The scale of this needs very careful consideration because it could easily block the famous "Canaletto View" of St Paul's Cathedral from Westminster Bridge near the Bondicca statue. All the intervening post-Second World War buildings (including Shell, RFH, the National Theatre, IBM and LWT) have been sited so as to keep the corridor of this view clear.

Finally, I share Colin Amery's concern that without the Greater London Council there appears to be no grand vision for the future of the South Bank. Perhaps the London Boroughs of Lambeth and Southwark can co-ordinate an overall project in liaison with major local companies (such as Shell) and British Rail?

John Parker,
Director,
Greater London Consultants,
Southbank House,
Black Prince Road, SE1

Assisting the process of peace

From the Ambassador of the Republic of Iraq.

Sir, The countries of those *governments reported (September 19)* to have asked the UN Secretary General to send a team to investigate the alleged use of chemical weapons by my country, have long histories and recent experience of war and the miseries and aftermath which accompany it. *Such governments* would *do* better to campaign for the peace process for which my Government is now striving.

Apart from being an unwarranted interference, the present efforts of such governments and the media to mount a campaign to discredit my Government for political purposes are unworthy and take no account of the need to alleviate the suffering of millions in the region.

It should not be overlooked that my country has paid a high price to achieve peace and, God willing, stability for the whole region, including the *Gulf States*, and *it should not* therefore be so surprising that my Government will not tolerate a devious campaign to detract from my country's sacrifice and achievement.

Britain in particular should direct its efforts towards assisting the process of peace, and should also consider the mutual benefits to be derived from assisting us to rebuild our country. The attainment of peace and such co-operation will not arise from a biased politically-motivated campaign of unjustified vilification, but from friendship and a more complete *understanding* of what my country has achieved.

Mohammed Al-Mashat,
Embassy of the Republic of Iraq,
21 Queen's Gate, SW7

Debt finance may be better than equity finance for the economy

From Mr H-J Ruff.

Sir, The bias against debt outlined by Clive Wolman (Lombard, August 22) is not only outdated but also overshadows several of its virtues. The question is not whether debt or equity financing of corporate acquisitions is healthier in principle, but which is healthier in the circumstances.

In the context in which the Monopolies and Mergers Commission will be reviewing the matter, debt finance is arguably better for the health of the economy, particularly from the viewpoint of inflation. Hefty debt financing is the hallmark of leveraged buy-outs (LBOs), and their cousins management buy-outs (MBOs). LBOs and MBOs presuppose that the interest on the substantial debt raised to finance acquisitions can be serviced from the profits made after acquisition has taken place.

Underlying such profits is the notion that the assets being acquired are currently under-utilised or undervalued, and that someone, somewhere, is prepared to pay more for all or a part of those assets.

A part of the view that corporate assets may be undervalued stems from the disequilibrium in the relative pricing of investment assets. This disequilibrium, in turn, stems in large part from the way in which inflation has been fought — at least in the UK, where there has been a great deal of fighting flames, while the fire itself has been allowed to move ground and continue.

While the flames (certain monetary movements and, of course, the consumer price index) have been doused, the excess liquidity that is at the heart of inflation has channelled its way into residential properties and the stock markets. Investment in corporate assets, however, has not experienced the surge of liquidity and value to the same extent. Therefore, in relation to the price of other investment assets, they are relatively undervalued.

Expectations of continuously rising values, as corporate assets are purchased and resold, have been inspired by the hope that gains can be made during the readjustment process, whereby the value of corporate assets are realigned with those of other investment assets. However, the pressure would be unsustainable were it not for the strength of the underlying appetite for mergers and acquisitions — which stems once again (in part) from the effect of the Government's fight against inflation.

Because domestic manufacturing and services have had to contend for some time now with slackened market demand weakened by deflationary measures aimed at curbing inflation, industry and commerce have had to resort instead to selling (or purchasing and reselling) assets, in the form of their operating subsidiaries, in order to to boost net income in their balance sheets. Moreover, *unlike most openly traded markets*, the market for company assets is a closeted one; rivalry often stems not so much from healthy competition as from hostilities — in fending off unwelcome bids.

A virtue of hefty debt financing lies in this context, and it is *one* which *the Monopolies* and Mergers Commission will no doubt be taking into consideration. The virtue is that it acts as an efficient conduit for the excess liquidity (housed with the banks) to be diverted into bidding up the value of corporate assets, in what has become an international auction house of mergers and acquisitions. It helps to protect the fabric of the economy by absorbing the excess liquidity that threatens inflation.

As long as corporate assets *remain undervalued, there is a* temptation for companies to make use of their borrowing capacity (that is, mortgaging undervalued assets) to invest in the creation of new assets with all tha attendant inflationary dangers of pump-priming which that holds for the economy as a whole.

The virtue of LBO and MBO debt financing is that companies can exhaust their balance sheet potential by leveraging np in ordar to expand their operations by a change in ownership. Now what is inflationary about a change in name?

Where LBOs or MBOs fail to generate the projected profits to service and repay the debt, as some may do, debt finance still performs more effectively *than equity financing. Unlike* the more fickle equity investors, the important providers of debt — banks — have a track record of giving borrowers more time (that is, rescheduling) to remedy the situation.

Indeed, the greater the exposure of the banks to such debtors, the more time they appear to be able to offer.

Henri Ruff,
25 Boulevard Jean Jaurès,
78400 Chatou, France

FOREIGN AFFAIRS

The state, Europe and Thatcher

Edward Mortimer examines the British Prime Minister's vision for the European Community

Much has been made of the "Gaullist" or "neo-Gaullist" character of Mrs Thatcher's European vision, as expounded in her speech at Bruges last week.

Clearly there is something in common: an instinctive, visceral contempt for supranationalism in general and the Brussels Commission in particular; and the capacity to convey that in a single, memorable phrase. "We're not all going to start speaking Volapük," said de Gaulle, deflating with one jab the supranational pretensions of Dr Walter Hallstein, the Commission's first president; Mrs Thatcher used a similar weapon when she referred to the folly of trying to merge national traditions "into some sort of identikit European personality."

Equally when she says that "willing and active co-operation between independent sovereign states is the best way to build a successful European Community" there is an echo, conscious or otherwise, of De Gaulle's "Europe des états."

However, the distaste Mrs Thatcher claims to feel for the very notion of state power is one of the things which differentiates her approach from that of the late General. He, of course, was no socialist; but a Frenchman of his generation did not have to be a socialist to regard the state as a positive value, whose service whether civil or military was a high calling, requiring the highest standards and attracting the greatest talents. He would never have boasted as Mrs Thatcher does (and as some who call themselves Gaullists in France now also do) that he had "rolled back the frontiers of the state."

The other great difference relates more specifically to Europe. What de Gaulle disliked about the "Europe" that he found in process of construction when he returned to power in 1958 was that it appeared to be an American idea, consecrating the division of the continent into two blocs and so perpetuating the western half's dependence on the US.

The Europe he constantly called for, by contrast, was "une Europe européenne", one that would stand on its own feet and stand up to outside powers.

He knew this would only be possible if the Soviet threat could be somehow removed, or at least diminished, and the Soviet stranglehold on Eastern Europe loosened. Sir Patrick Reilly, Britain's ambassador in Paris at the time, believes that in 1968 De Gaulle was actually preparing to leave the Atlantic Alliance, and that the reason for his fury at the Soviet invasion of Czechoslovakia, which his government denounced in an official statement as the fruit of "the policy of blocs . . . decided on at Yalta," was that it made it impossible for him to lead Europe out of those blocs as he had hoped to do.

Be that as it may, it is clear that Mrs Thatcher's Europe will never be "a European Europe" in that sense. Nothing could be less Gaullist than her appeal, in her Bruges peroration, for "a Europe . . . which preserves that Atlantic Community — that Europe on both sides of the Atlantic — which is our greatest inheritance and our greatest strength."

But I should like to come back to the question of "rolling back the frontiers of the state." Mrs Thatcher scored a good debating point when she said: "Just when those countries such as the Soviet Union, which have tried to run everything from the centre, are learning that success depends on dispersing power and decisions away from the centre, some in the Community seem to want to move in the opposite direction. We have not successfully rolled back the frontiers of the state in Britain, only to see them reimposed at a European level . . ." But her position on this issue is not as straightforward as it sounds.

In the first place there is a considerable irony about her choice of metaphor when "rolling back the frontiers of the state" in the literal sense is one thing she *refuses* explicitly, in the very same speech, to do. And although she has a solid record of reducing state intervention in the economy, she has hardly been a noted decentraliser in the geographical sense. Nor, it might be added, does she show any inclination to reduce the government monopoly of official information. In all those respects she is closer to Gaullism (and indeed Jacobinism) than she realises, and very far from the American open society she professes to admire.

As a national leader and a fervent nationalist, she clings jealously to the prerogatives of the nation-state. In this she has missed an important aspect of those changes in the world which she summarises in the words "freedom is on the offensive." What is happening around the world is, surely, that people are trying to relocate decision-making power at the point where it can most efficiently be exercised.

"The Community," Mrs Thatcher rightly reminds us, "is not an end in itself." But no more (unless she is a closet Hegelian) is the nation-state. Nation-states do not have to tell people what to produce or how much of it.

Some things, like the protection of the ozone layer or the prevention of the greenhouse effect or attempts to stop the proliferation of nuclear and chemical weapons, and probably also the management of Third World debt and the international monetary system, have to be done at the world level. Others can be done most effectively at a regional level, which is why we have the European Community.

For national governments to cede some of their powers upwards to such a body is not in contradiction with their ceding of other powers downwards to local authorities or even to firms and individuals. It is, or should be, part of the same process of demystifying political power and making it the efficient servant of the citizen rather than his interfering master. Some decisions do have to be taken at the European level, and Mr Jacques Delors, the Commission's president, is right to say the number will grow as the single market becomes more of a reality.

Of course that does not mean they will have to be taken by the Commission. Power does not have to be exercised bureaucratically at the European level any more than at the national level. Mrs Thatcher implies that the only way to avoid that is to go on taking decisions as they mostly are taken now, by laborious negotiation between national governments. But another, more democratic, way would be to give more powers to the elected European Parliament.

Mrs Thatcher doesn't like that way, for *reasons* which she quite honourably admits are reasons of national pride: "Our pride lies in being British or Belgian or Dutch or German," she says, and it is this "sense of national pride in our own country," along with different traditions and parliamentary powers, that has "been the source of Europe's vitality through the centuries".

No doubt she is right if she is warning us, as De Gaulle might have done, that we should not overlook the state's psychological function (inspiring national pride) as well as its more humdrum purposes. But why should we not also feel pride in being European? Who was it after all who reminded us recently that "the story of how Europeans explored and colonised and — yes, without apology — civilised much of the world is an extraordinary tale of talent and valour"? Why, Mrs Thatcher herself, in that very same speech at Bruges.

FINANCIAL TIMES
Tuesday September 27 1988

China confirms cautious economic policy

By Colina MacDougall in London

CHINA yesterday confirmed that its economic reform policy had been put on hold in response to high inflation and growing economic chaos and corruption.

Zhao Ziyang, the party general secretary, was quoted by the official Xinhua News agency as telling a key meeting of the party's Central Committee that the country's policy would be to improve the economic environment and rectify the economic order.

Zhao is a protégé of Deng Xiaoping, the supreme leader, and one of the chief architects of the reform.

Zhao's remarks used the latest catchphrase for a more cautious economic policy, stressing stability rather than bold reform. His use of this wording indicates that in the heated discussions over the economy of recent weeks, the more conservative faction has won the day.

The Central Committee meeting followed a conference last week of officials from Peking and the provinces which was held to hammer out a compromise package that would satisfy the cautious as well as the radical reformers in the leadership.

Debate within the leadership has grown increasingly fierce since inflation began to soar in the spring, imperilling the holder steps such as price reform which are favoured by keen reformers.

Zhao also discussed ways to promote reform "in a planned way and under unified leadership", an apparent reference to the extreme differences within the party on how to handle current economic problems.

He also spoke of the need to strengthen party leadership, a hint that there may be some kind of clamp-down on the growing corruption within the party which has contributed to inflation through illegal speculation.

In recent weeks Zhao's own position has looked less secure as Li Peng, the Premier, has increasingly become the leadership's spokesman on the economy. Zhao, as a hold reformer, has been blamed for China's current economic chaos.

With runs on many banks and widespread panic-buying, the rate of inflation reached 38 per cent in August compared with the same month last year.

Although the rate is expected to fall back in September after the reimposition of controls, the figure for the whole year is likely to be more than 20 per cent.

Haughey banks on Dublin docks

Kieran Cooke looks at Ireland's proposed financial centre

SYMBOL OF an emerging dynamic Ireland or a costly fantasy project? Last week, amid much flag waving and cheering, Mr Charles Haughey, the Irish Prime Minister, laid the foundation stone for the first phase of the I£250m ($360m) International Financial Services Centre in Dublin.

The scheme, says Mr Haughey, will bring to Dublin the world's leading financial houses and generate much needed funds for investment in Ireland. Most important, it will bring thousands of jobs to a country with an unemployment rate of 20 per cent – the highest in the European Community.

Plans for the centre are certainly ambitious. The project, which has received enthusiastic government backing since Mr Haughey's Fianna Fail Party came to power last February, covers 27 acres (10.9 hectares) on the site of the old Custom House Docks on the North Bank of the Liffey in the heart of Dublin. By the end of next year the Industrial Development Authority (IDA), Ireland's energetic agency for promoting inward investment, anticipates granting approvals for at least 80 foreign and domestic financial concerns to operate in the centre.

The IDA is encouraging a range of activities at the centre, ranging from foreign exchange trading to Eurobond and other securities dealing, leasing, insurance and reinsurance, fund management and offshore financing. Futures trading will form an important part of activities: within the next six months a Dublin-based European Mercantile Exchange, an Irish Futures and Options Exchange and the buoyant Dublin Stock Market's own traded options exchange are due to start operating.

However, some observers have expressed concern that about half the projects so far announced are small-scale operations concentrating on asset financing activities.

When the centre is complete in the early 1990s, the old docks site, at present a run-down and neglected area, will be transformed into a mini-London Docklands, complete with more than 750,000 sq ft (70,000 m) of office space, luxury hotels, a cultural centre, restaurants and marinas. Adjoining schemes include Ireland's largest sports complex and possibly an inner city airport.

Charles Haughey: energetically supporting the project

In a country where people are often cynical about government schemes and predictions, the Financial Services Centre has received generally widespread support. It has become a pet project of Mr Haughey, who has extolled its attractions to bankers and brokers in New York and Sydney.

Irish government ministers have been told to advertise the centre at every opportunity on their trips overseas. The Government has put together a comprehensive package of benefits for those willing to set up in it. A corporation tax of only 10 per cent for internationally traded financial services establishing themselves in Dublin is the main incentive. There are also zero capital gains tax, zero commercial property taxes for 10 years, double tax deduction on rent costs and double taxation agreements with many countries.

The Government emphasises the other advantages likely to tempt the wheelers and dealers of the world's financial markets to Dublin: Ireland has a wealth of well-trained graduates and many London financial houses depend on apparent innate Irish flair for dealing and trading.

Rents are well below the London level, yet Dublin is in the same time zone and shares the same language. Ireland, as a member of the EC, could be a vital gateway into Europe for many institutions, particularly from the US. Ireland's telecommunications have improved dramatically in recent years and the country is uncrowded and still relatively unpolluted. It has, say the centre's backers, political stability and a Government intent on brushing aside red tape.

So far 16 institutions involved in various financial activities have been named and seven of these have already been granted government licences to start operations. The IDA says it has approved more than 40 projects.

The centre has generated a great deal of publicity within Ireland but some are disappointed by the apparent unwillingness of many international institutions to commit themselves to Dublin. While Chase and Citicorp have announced their intention to pursue a limited range of financial activities in the centre, most other announced projects are home grown.

Some foreign institutions have expressed concern about what they consider to be an overdue emphasis on job creation by the Irish authorities. The latter are particularly worried about what are described as the ditherings of Japanese companies who, despite many visits to Dublin, have yet to agree to set up in the centre.

"Charlie (Mr Haughey) is so anxious to see this thing succeed he is packing it with the home team," said a Dublin-based banker. "That will mean a loss to the Exchequer as Irish banks and other financial traders transfer activities to the 10 per cent Docks zone."

Mr Barry Desmond, a member of parliament and finance spokesman for the opposition Irish Labour Party, calls the centre a contrived tax haven. "We need responsible financial services in this country, not the kind of touting around that has been done to get people to set up in this centre. I suspect there isn't a postmistress in the country, if she made a decent application, who could not get in," says Mr Desmond.

Mr Ray MacSharry, the Finance Minister, rejects this and says vetting for licences is stringent. Others, doubtful about the future of the centre, point out that it was given the go-ahead before last October's stock market crash.

Today there is no longer the labour shortage there once was in the City of London. In addition, although companies might feel tempted by low corporation tax to set up in Dublin any benefits in this area could be counter-balanced by Ireland's harsh personal taxation regime, which has one of the highest rates in Europe.

Other critics complain that those charged with promoting the scheme are not doing enough to define exactly what the centre will be involved in. "Financial services centres are everywhere these days, from New Zealand to Luxembourg, Scotland to Bermuda," says a financial analyst.

"It's not enough just to talk about low corporation tax. You've got to carve out a special niche and expertise. So far Dublin has not made clear exactly what it is after."

Mr Haughey has staked much of his political reputation on the success of the centre, which he describes as the flagship of Ireland's economic renewal. Politicians as well as financiers will be watching developments at Dublin's docks closely in coming months.

Polish party proposes changes in political system

By Christopher Bobinski in Warsaw

PROPOSALS FOR a significant re-ordering of Poland's political system are contained in policy documents recently put forward by the Democratic Party (SD), a legal political group which is broadly subordinate to the ruling Communists.

The documents give an indication of the ideas being presented to the Roman Catholic Church and the Solidarity opposition by the "official" side in behind-the-scenes contacts before important round-table talks on Poland's future, expected to take place next month.

Polish officials hope their proposals, which provide for the entry of opposition representatives into Parliament and government, will persuade Mr Lech Walesa, the Solidarity leader, to drop or at least shelve his demand for the legal return of the union to the shop floor.

The SD is suggesting that the present unicameral legislature be replaced by a bicameral Parliament with a new upper house. It also proposes enhanced powers for a president of the republic, who would be entitled to veto laws passed by parliament, call new elections and issue decrees.

While the present system gives the Communist Party an inbuilt majority (245 out of the 460 parliamentary seats), the SD is mooting the idea that a majority should simply be reserved for the "official" parties as a whole – the Communists, the SD and the Peasant party (ZSL).

Under the current arrangement, the SD has 35 seats and the ZSL has 106. The remainder are held by independents.

Figures being put forward by Communist negotiators in tentative contacts with the Church and Solidarity suggest that the official parties might be be assured 60 per cent of the seats, with the rest distributed between the Solidarity opposition and its allies, as well as non-party figures.

The Communists would keep at least a third of the seats, which would be enough to block changes in the constitution. The official coalition, the solidarity opposition and its allies and non-party members would receive a third of the seats each in the new senate.

Communist Party officials say that these suggestions have yet to gain the formal approval of the party leadership. They have also made clear that in one respect the SD proposals too go far – by suggesting that freer electoral competition between the various political blocs should be allowed.

The current system allows for competition between individuals *within* the same political groupings – voters may be asked to choose between two or more candidates of the same party – but the ralative strength of the political groups is in effect predetermined.

The Communist Party has made it clear that it does not want free elections on anything like the Western model. Differences over this question provoked a behind-the-scenes row between the Communists and the Democrats last week.

The new parliamentary system would provide the basis of a coalition government which could be formed after elections in the late spring of next year.

It is clear that the proposals leave ultimate decision-making powars in the hands of the Communist Party,

Leaders of Poland's Communist Party yesterday nominated Mr Mieczyslaw Rakowski, a tough propagandist, as their candidate for prime minister, Reuter reports from Warsaw. He is to succed Mr Zbigniew Messner, who was dismissed after being accused of mismanaging economic reform and failing to prevent this month's pro-Solidarity strikes. Page 2

THE LEX COLUMN

Fun and games at the IMF

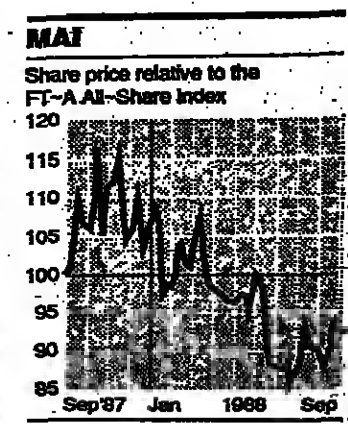
The annual IMF meeting would be a rather dull affair were it not for the fact that it normally coincides with a spot of bother somewhere in the world's financial markets as the minions who have been left behind try to interpret what the world's leading financial officials did, or did not, say. Consequently, yesterday's skirmishes in the foreign exchange markets were uot particularly surprising, with the concerted central bank interveution intended to squash any euggestion that the dollar has been let off the leash.

The intervention reinforces the impression that the central banks will try and defend the DM 1.89 level. However, the success of this tactic remains in some douht and the run-up to the US presidential elections in November may well he nowhere near as calm as the authorities would wish. For a start, the current US administration is on the way out, and while the West Germans are anxious to stahilise the currency, they may not be able to couut on the whole-hearted support of all of the other G-7 members. Britain is not the only country with other things on its mind.

There are plenty of good economic reasons why, over the longer term, the dollar should be lower than it is now, hut in the ehort-term sentiment towards the dollar is surprisingly hullish. Unless this can be tamed it could cause headaches for the central banks. The underlying improvement in the US balance of payments position may have run its course, bnt the beneficial effects are still flowing through to the dollar. This could be aggravated if the recent slowdown in the US economy proves to be no more than a temporary pause, and requires a further tightening in US monetary policy. Salomon Brothers, for example, was yesterday forecasting a Fed Funds rate of up to 9 per cent by year end and predicting that the dollar would test the DM 2 level before heading lower again. If that is correct, the financial markets could be in for a nervous October.

Tate & Lyle

Tate & Lyle was asking a lot from its shareholders in announcing another large acquisition in a far away place on a day in which they were already pntting up £150m towards its last one. From the market's point of view the timing of yesterday's purchase of Amstar and £55m share placing may have been poor – hence the near 3 per cent fall in the share price – hut from the point of view of the businesses themselves the timing seems deft enough to make the exercise well worthwhile.



The sugar market in the US appears to have hit the bottom, with consumption now starting to move up again; while the reduction in the US beet crop this year should also mean higher margins in cane sugar refining. By buying the Amstar husiness and selling its own Yonkers refinery, Tata is increasing its exposure to the retail market and so improving the quality of its earnings, and is picking up another solid brand name at the same time. For this it is paying fully, but assuming that its Yonkers refinery also fetches a good price, it may achieve earnings that are bigger as well as better.

However, given that Tate has increased its equity hase by 50 per cent in under six months, it would be unrealistic to expect shareholders to get too excited in advance. More likely, they will wait to see the cash flow – which fortunately is what the company is now concentrating all its efforts on generating.

Carless

As London Merchant Securities has provided no explanation for its unprofessional change of course yesterday over the merits – or lack of them – in Carless'e merger with Ryan, it is tempting to classify its unusual behaviour as opportunism of the worst kind. If Carless's biggest shareholder did not like the deal, it should have said so at the outset; if it subsequently discovered something nasty in the merger, it should have said what that was. Instead, LMS's hollow expression of continued "confidence" in the Carless management suggests that all that has changed since it initally gave the deal its blessing is a calculation of what its stake is worth. Having seen the whole sector go bid-mad again after British Gas's dawn raid on Lasmo, LMS seems to have decided to tall the world that its holding is for sale.

The relatively restrained 5p rise in the share price yesterday shows that the market does not think this a fail-safe strategy. At 100p Carless is far closer to asset value than its fellow Wytch Farm partners, presumahly because a poteutial hidder would need to unravel a tangle of dowustream husinesses hefore reaching the black stuff. Moreover, LMS has wanted to sell its stake for some time; so it is not clear why the act of hanging out the sign should hring the bidders hurrying forward.

MAI

Hopes for a rejuvenated dollar may yet prove wishful thinking; hut with no other positive news around yesterday, Mr Clive Hollick of MAI can be forgiven for indulging in a bit of dollar-gazing. Sterling's strength against the dollar accounted for fully half of yesterday's 20 per cent fall in MAI's money and securities broking profits; and a hit of ephemeral strength on the part of the US currency is certainly not going to sort thet probiem out. And although there may be signs of a recovery in turnover in some markets, Eurobonds and US corporate bonds do not yet seem to have made up their minds to participate.

Not surprisingly, Mr Hollick thinks the market should pay more attention to the group's higher quality operations in retail financial services, media and market research before assigning it a rating of just over 8 times prospective earnings. But the record here is largely unproven; and losing AGB to Mr Robert Maxwell did not help MAI's image. Mr Maxwell may yet wish he had ieft that particular mess to MAI to sort out. Bnt the failure of the deal nonetheless leaves Mr Hollick with an extra £26m to spend, and quite a lot of management time to put to good use. Precedent suggests that he will soon find a way to do just that; but in the short term, it is difficult to see what (apart from the 6.3 per cent yield) will stop the shares falling further.

Banks move to head off dollar

Coutinued from Page 1

Mr George Bush wius the November presideutial elections he will move quickly to reduce the budget deficit.

West German officials, meanwhile, pointed out that tbe Bonn Finance Ministry bad a clear interest in seeing the current dollar firmness maintained to give the economy an export-led boost.

The Bundesbank in Frankfurt, by contrast, was more worried about a furtber D-Mark decline adding to nascent inflationary pressures.

A further rise in the dollar's value would also complicate the cfforts of Mr Nigel Lawson, Britain's Chancellor of the Exchequer, to curb inflationary pressures. Mr Lawson has insisted this week that the dollar's rise so far this year has not been destahilising.

Opec seeks unity on quotas

By Peter Bruce in Madrid **and Max Wilkinson**, in London

THE ORGANISATION of Petroleum Exporting Countries (Opec) is to revive its dormant Long Term Strategy Committee in an effort to draw Iraq and Iran back into oil policy-making and to shore up sagging world oil prices.

Tbe uews followed yesterday's meeting of five Opec oil miuisters in Madrid and prompted an uucertain reaction in oil markets.

The Opec's five-minister Committee on Price Evolution announced a plan to hold a joint meeting with the strategy committee that could lead to an extraordinary Opec meeting in late October or early November. It is thought the joint meeting could take place early next mouth.

The Madrid meeting was called after mounting anxiety among oil producers that world crude prices were set to slide to $10 per barrel or below.

Yesterday tbe European market for Brent crude reacted dully to the news, although prices rose in late trading after a more enthusiastic response in North America.

By early afternoon crude for November delivery had risen 25 cents ou the New York mercantile Exchange to $14.43. Breut crude was $13.265 at the close compared with Friday's $13.245.

The weakeuing of prices from around $16.30 in June has followed a flouting hy Gulf producers of Opec's agreed productiou quotas and a rapid increase in production by Iraq which has formally refused to accept a quota.

Saudi Arabia, whicb has in the past been punctilious in observing its quota of 4.34m barrels per day, is now producing 5.2m b/d according to reliable industry estimates.

Excess production hy other members has lifted output of the 13-member cartel to around 20m b/d, some 5m h/d over the total quota and about 2.2m h/d above more realistic targets that include Iraq's output.

A full Opec meeting is already scheduled for late November but only the pricing committee, made up of Saudi Arabia, Indonesia, Veuezuela, Nigeria and Algeria, can call an extraordinary meeting.

Iran and Iraq are members of the Strategy Committee and sucb a joint meeting would draw them botb into Opec's inner circle, while signalling that a new production agreement is possible. The committee was founded in 1979, but was made ineffective by the Iran-Iraq war.

A dangerous game, Page 24

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	24	75	Dubrovnik	S	26	79	Malta	S	26	79	Rhodes	S	26	79
Algiers	S	27	81	Edinburgh	R	13	55	Manchester	C	15	59	Rio de J'o	F	38	100
Amsterdam	C	17	63	Faro	S	28	82	Manila	F	34	93	Rome	S	27	81
Athens	C	29	84	Florence	S	25	77	Melbourne	S	22	72	Salzburg	S	22	72
Bahrain	F	36	97	Frankfurt	R	17	63	Mexico City	C	26	79	San Francisco	C	21	70
Bangkok	F	33	91	Funchal	F	25	77	Miami	C	30	86	Seoul	F	21	70
Barcelona	S	25	77	Geneva	S	20	68	Milan	S	24	75	Singapore	R	31	88
Beirut	R	27	81	Gibraltar	F	24	75	Montreal	F	21	70	Stockholm	C	14	57
Belfast	F	14	57	Glasgow	F	13	55	Moscow	C	12	54	Strasbourg	S	23	73
Belgrade	F	23	73	Guernsey	C	16	61	Munich	S	22	72	Sydney	S	20	68
Berlin	C	19	66	Helsinki	C	15	59	Nairobi	C	21	70	Taipei	C	24	75
Biarritz	S	24	75	H Kong	S	27	81	Naples	S	26	79	Tangier	S	28	82
Bombay	C	30	86	Innsbruck	S	21	70	Nassau	F	30	86	Tel Aviv	F	28	82
Bordeaux	S	24	75	Inverness	F	12	54	New Delhi	C	34	93	Tenerife	S	26	79
Brussels	C	16	61	Islamabad	F	32	90	New York	F	21	70	Tokyo	R	21	70
Budapest	S	23	73	Istanbul	F	25	77	Nice	S	22	72	Toronto	F	10	50
B Aires	C	24	75	Jakarta	C	33	91	Nicosia	F	33	91	Tunis	F	27	81
Cairo	S	32	93	Jersey	C	17	63	Oporto	S	22	72	Valencia	S	27	81
Cape Town	F	17	63	Jo'burg	S	28	82	Oslo	R	16	61	Venice	S	23	73
Caracas	C	27	81	Lima	C	18	65	Paris	C	19	66	Vienna	F	23	73
Casablanca	S	32	90	Lisbon	C	29	84	Peking	S	26	79	Warsaw	C	15	59
Chicago	C	25	77	London	C	19	66	Prague	F	19	66	Washington	S	14	57
Cologne	C	17	63	Los Angeles	F	23	73	Reykjavik	S	03	37	Zurich	S	19	66
Copenhagen	R	14	57	Luxembourg	C	14	57								
Corfu	S	28	82	Madrid	S	26	79								
Dallas	F	16	61	Majorca	S	25	77								
Dublin	F	15	59	Malaga	S	25	77								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Israelis shoot dead three Palestinians

By Eric Silver in Jerusalem

ISRAELI security forces shot dead three Palestinians and wounded at least 68 yesterday in a day of escalating violence in the West Bank and Gaza Strip.

A quarter of a million Arabs were under curfew last night in nine villages and refugee camps. Troops aud paramilitary border police opened fire with live ammunition and plastic bullets to disperse hundreds of Arahs rioting in support of a general strike and "day of confroutation with the Jews".

The Arabs were protesting at the continued detention of more thau 5,000 activists arrested since the beginning of the Palestinian nprising nine mouths ago. Shops and businesses were closed throughout the occupied territories, transport came to a halt and day lahonrers stayed at home. Demonstrators taunted the Israelis with swastika banners and slogans

Yesterday's first fatality was reported from Jabal Mukaber, an Arab village on the fringe of Jerusalem. Doctors at the Palestinian Mukassed hospital, on the Mount of Olives, reported that a 19-year-old yonth had been ehot in the head.

The Israelis fired live ammunition after teargas had failed to disperse the mob. The youth was the first to be killed within Jerusalem's borders.

Two other Arabs, one a doctor, were killed in Gaza. Their deaths brought the unofficial total of lives lost to 274 Arabs and six Israelis since December.

FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday September 27 1988

INSIDE

Special relationship with a future

Out to extend their global reach, UK and US futures industry regulators have come to an agreement whereby they will exchange information on high risk ventures. Deborah Hargreaves looks at how the exchanges have come to recognise the need for broad information sharing of the type noteably absent during last October's stock market crash. Page 33

US chips off the old Japanese block

US semiconductor producers are about to open a "second front" in their battle to survive the onslaught of Japanese manufacturers. The industry is turning to its major domestic customers seeking alliances and financial commitments in order to reduce the enormous risks associated with this highly volatile market. What is ironic is that the Americans appear to be heading towards the same sort of vertically integrated industry structure already in operation in Japan. Page 28

Irish discover something to smile about

Optimism abounds in Dublin. The Irish stock market has made a solid and convincing rebound from the October crash with stock values up 46 per cent this year. Last week Mr Charles Haughey, the Irish Prime Minister (left), laid the foundation stone of a new financial services centre, which may herald a new economic recovery for the capital. The heated bid battle for Irish Distillers has also attracted investment interest. Kieran Cooke looks at why some Irish eyes are smiling. Page 54

Not all sweetness and light

The annual battle to harvest Britain's sugar beet crop is now under way. But dangers of disease and even over-production may cast a shadow on the rain soaked fields as rival European producers are gearing up for what could be a record yield. The destruction that Hurricane Gilbert caused recently to the Caribbean sugar cane producers, however, may make any EC surplus more easy to sell. Page 60

Germans bank on merger

The planned merger between WestLB and Hessische Landesbank is at an advanced stage. But Mr Friedel Neuber, WestLB's chief executive (left), urged a note of caution last week amid signs that the political will to create West Germany's second largest bank may be weakening. The looming free market in financial services in Europe after 1992, however, is proving to be a powerful inducement to concentrate minds. Page 36

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Kroger	28	Tractebel	32
Lee Brands	38	Turriff	40
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Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				Rises			
Lufthansa	147.5	+	2.5	[illegible]	825	+	60
Allianz	1992	+	26	Mine de Penarr.	78.3	+	4.3
Bayer Ver.	383	+	4	[illegible]	736	+	36
[illegible]	[illegible]			[illegible]	480	+	12.4
Falls				TOKYO (Yen)			
[illegible]	230.5	-	3.7	Rises			
Degussa	389	-	4	[illegible]	[illegible]		
NEW YORK ($)				[illegible]	[illegible]		
Rises				Falls			
[illegible]	[illegible]			[illegible]	[illegible]		
New York prices at 12.30.							
LONDON (Pence)							
Rises							
Ash & Lacy	715	+	10	[illegible]	570	+	50
[illegible]	[illegible]			[illegible]	[illegible]		
Falls							
[illegible]	[illegible]			Coral Gld Fields	[illegible]		
Lex Service	363	+	7	[illegible]	[illegible]		

Krupp may seek flotation

By David Goodhart in Bonn

FRIED. KRUPP, the industrial and trading group which is one of West Germany's largest privately controlled companies, may seek a partial flotation in the near future, according to Mr Berthold Beitz, chairman of its supervisory board.

Mr Beitz, who also runs the private foundation which owns 75 per cent of the company, said in a radio interview that he expected to give up his job on the supervisory board "in the near future." He added, however, that there were a number of issues he wanted to clear up before leaving the board. He stressed that he would continue as chairman of the board of Trustees of the Alfried Krupp Foundation.

This is the first public indication Mr Beitz, who was 75 yesterday, has given that he wished to step down from either of the two posts.

The Krupp group is widely regarded as a crippled giant of German industry, having an uneven profit record and very heavy debts. There has recently been intense speculation that the Iranian Government – which owns 25 per cent of the company – is dissatisfied with its investment and is looking to sell its stake.

Such speculation has usually been coupled with calls for the resignation of either Mr Beitz or Mr Wilhelm Scheider, chairman of the management board.

There has also been speculation that some of Krupp's banks – especially the Westdeutsche Landesbank – have been looking to increase their influence over the company by buying the Iranian stake or arranging a partial flotation.

Mr Beitz was speaking to the radio station by telephone from Seoul where he is attending the Olympic Games in his capacity as Vice-Chairman of the International Olympic Committee.

As executor to the will of Mr Alfried Krupp, the last Krupp to run the company, Mr Beitz has regarded himself as the last of the great steel barons. He has worked for the company for nearly 35 years. Since 1967 he has run the foundation and since 1970 he has been supervisory board chairman too.

Mr Beitz proved a difficult man to work for, running through four management board chairmen in the 1970s before settling on Mr Scheider in 1980.

Mr Scheider has sold off the troubled shipbuilding side and is developing Krupp's promising electronics business.

Barrick keeps Gold Fields options open

By Kenneth Gooding, Mining Correspondent, in London

AMERICAN Barrick Resources, the North American gold mining group, said yesterday it had not committed its potentially crucial shareholding in Consolidated Gold Fields to Minorco, the South African-controlled investment company which last week launched a contested bid for the UK mining and industrial concern.

Barrick bought 2.9m Gold Fields shares – representing some 1.37 per cent of the company and now worth £37m ($63m) – about six months ago. If the battle for Gold Fields turns out to be a close run thing, the American group's attitude to the terms would be critical.

Senior executives from Barrick were in Zurich yesterday to float their company on the local stock exchange. Barrick said it was "a long-term, passive investor" in Gold Fields. "Naturally, we are watching events with great interest."

The Gold Fields' share price retreated by another 5p to £12.75 yesterday, and was well below the value of the Minorco offer, worth £13.19 with the Minorco price down 2p at £7.37 last night.

Turnover in the Gold Fields shares was heavy at 2.7m.

The Gold Fields price has come down with a bump since it touched £14 immediately after the bid was announced last Wednesday.

The fall has partly been caused by the outcry about the heavy trading in Gold Fields options in the weeks before the bid.

The Department of Trade and Industry acknowledged yesterday that it had received a request from Gold Fields to appoint inspectors to investigate "unusual activity" before the bid. Gold Fields pointed out that in the three days before the offer was announced turnover in its options was three and a half times greater than the average since the beginning of August.

The DTI said, however, that only in very exceptional circumstances would it ever reveal that an inquiry had started. In most cases in the past, investigations had started only after information had been passed to the Department by the London Stock Exchange.

Both Gold Fields and Minorco have called for a Stock Exchange inquiry into the upsurge in options business which in the three days were worth £100m and covered 8.2m shares.

Once again, the Stock Exchange never reveals that an inquiry has been started. But as a matter of policy it always investigates any unusual activity before a bid. So it is safe to assume that an inquiry is under way and would have been launched without the intervention of either Gold Fields or Minorco.

Gold Fields has also traced the buyers of one quarter of the options bought in the days prior to the bid to Verwaltungs-Und Privatbank, a Liechtenstein bank based in Vaduz, and asked it to identify the beneficial owners.

Verwaltungs-Und Privatbank told Gold Fields yesterday it was "considering the request."

Meanwhile, Mr Rudolph Agnew, chairman of Gold Fields, four other executive directors and the company secretary have given up options to buy a total of 151,900 of the group's shares at £10.75 each.

The options were granted the day before the Minorco offer was announced and the executives said yesterday "it would be inappropriate to take them up."

Gold Fields explained that options have been granted annually to more than 100 senior managers since 1984. The distributions have been timed to take place after the announcement of the group's preliminary results.

Apart from Mr Agnew, who gave up options on 49,000 shares, the other directors were: Mr Michael Beckett (20,900), Mr Peter Fells (7,700), Mr Antony Hichens (27,800), Mr Allen Sykes (16,700), Mr Humphrey Wood (20,900) and Mrs Gisela Gledhill (8,900).

Tate & Lyle to pay $305m for US cane refiner

By Clay Harris in London

TATE & LYLE, the diversified UK sugar group, is to pay $305m (£183m) for Amstar Sugar, the leading cane refiner in the US. The acquisition will make Tate the largest US sugar processor – with 25 per cent of total capacity – and one of the leading producers of all sweeteners.

Amstar will bring Tate three refineries, in New York City, Baltimore and New Orleans, with total annual capacity of 1.62m short tons. To avoid any anti-trust complications, Tate said yesterday it would sell its only existing US cane refinery, a 500,000-ton facility at Yonkers, New York.

Mr Neil Shaw, Tate chairman, said Amstar was also attractive because of its ownership of Domino, a leading consumer brand of sugar in the eastern US. Tate said the purchase would enhance earnings in the first year.

The acquisition is the second large US expansion by Tate this year. It bought Staley Continental, a leading corn syrup group, for $1.48bn in May and has subsequently sold the US company's peripheral food-service operation.

Tate is the only US supplier of the three main nutritive sweeteners. In addition to cane sugar and corn syrup, it operates seven sugar beet factories in the western plains states.

It is developing a no-calorie product, sucralose, jointly with Johnson & Johnson, the US pharmaceuticals group.

Amstar, which is being bought from a leveraged buyout vehicle controlled by Merrill Lynch, made profits before tax, interest and non-recurring items of $18.7m in the year to June 30, less than half the previous result.

Tate said Amstar's margins were recovering in the current financial year, and Mr David Lang of stockbroker Henderson Crosthwaite forecast profits of $40m from Amstar in the year to September 1989.

The Amstar acquisition is being made through Refined Sugars, jointly owned by Tate and Redpath Industries, a quoted Canadian company of which Tate holds just over 50 per cent.

Tate yesterday raised £55m of the purchase price through a vendor placing in London of 7.07m shares, just under 10 per cent of its enlarged share capital.

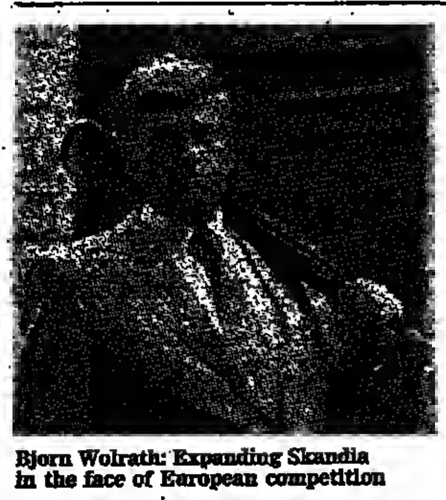
Assuming the disposal of the Yonkers refinery at its net asset value of $100m, an estimate of proceeds Tate believes to be conservative, the deal will have a neutral effect on the group's gearing, according to Mr Shaw.

The acquisitions and deals of the past six months have doubled the size of Tate. Some City forecasts place Tate pre-tax profits of £170m for the year to September 1989 and £200m for the year after that.

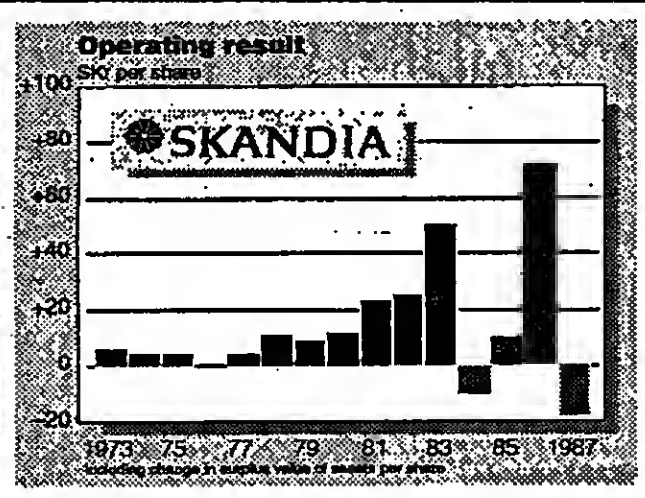
Of this, sugar and starches (including corn syrup) are each likely to account for 40 per cent.

Tate shares closed 24p lower at 805p, compared with the placing price of 790p.

Lex, Page 26; Background, Page 38



Bjorn Wolrath: Expanding Skandia in the face of European competition



Sun Life-UAP deal queried

By Nick Bunker in London

MR DONALD Gordon, the South African businessman, yesterday demanded the answers to 18 detailed questions about the financial implications of Sun Life Assurance's controversial plans for a tie with UAP, the state-owned French insurer.

Mr Gordon, whose UK investment vehicle TransAtlantic Holdings owns 27 per cent of Britain's Sun Life, said Sun Life's plans contained elements that were "totally unacceptable."

Following a TransAtlantic board meeting in London yesterday, Mr Gordon said TransAtlantic would not decide how it would vote on the proposals at a special Sun Life shareholders' meeting, to be held on Thursday, until it had heard Sun Life's answers to the 18 questions.

They focus on aspects of the proposed alliance with UAP which TransAtlantic believes have to be amended to safeguard shareholders' rights.

Mr Gordon's stance seems likely to produce a public clash with Mr Peter Grant, Sun Life's chairman. Mr Anthony Good, Mr Grant's public relations consultant, said last night that Mr Grant would not answer the questions until the meeting.

Yesterday's news came against a background of vociferous criticism of the Sun Life-UAP deal from some analysts. Mr Tom Bennett of Morgan Grenfell Securities has described the terms as "abominable and severely deleterious to Sun Life's shareholders."

The core of the proposed deal is that Sun Life would issue shares giving UAP 18.2 per cent of the British group, a stake worth about £130m ($221m). Sun Life would receive bonds convertible into 15 per cent of UAP International, a subsidiary of UAP.

Mr Gordon's biggest objection is that UAP has undertaken not to vote its 18.2 per cent of Sun Life's shares against the wishes of Sun Life's board. This would undermine shareholder democracy and guarantee the present board's control, said Mr Gordon.

TransAtlantic also says Sun Life has not published any report by independent actuaries valuing UAP International.

"I can't believe that 15 per cent of UAP International is worth 18.2 per cent of Sun Life," Mr Gordon said.

Sun Life's shares closed down 5p at £10 last night, compared with £11.60 before the plan was announced two weeks ago.

Skandia bids to build an empire of the north

Sara Webb on the insurance group's volte face

At first sight it looks like an embarrassing reversal of strategy: just three years ago, in a highly controversial move, Skandia, Sweden's leading insurance group, floated off its international reinsurance operations as a separately quoted company.

Now it has announced that it intends to buy back the 54 per cent of the reinsurance group, Skandia International, which it does not own and it is offering SKr3.6bn ($556m) for the shares, compared to the SKr876m it raised at the time of the flotation.

The move is certainly a *volte face* by Mr Bjorn Wolrath, Skandia's chief executive, who pushed through the original flotation in the face of considerable opposition. However, the change has generally won favour with analysts as a response to rapidly-changing circumstances in the European insurance industry.

Mr Wolrath has long made it known that he wants to create a Nordic insurance empire strong enough to withstand competition from other Western European insurers both in Sweden and abroad.

While Sweden's insurance market remains well protected, with foreigners only accounting for an estimated ½ per cent of market share, the big worry for Skandia is that the current merger and acquisition activity taking place among European insurers, in the run-up to the formation of the EC internal market in 1992, will create a stable of powerful giants who will eventually set their sights on the Nordic countries and Skandia's home patch.

Mr Wolrath, citing 1992 (one of the most fashionable excuses in Stockholm for any takeover activity), said: "What I see in view of the freedom of insurance trade within the EC is the creation of very intense competition by a number of big European companies merging and looking for interesting new markets."

With the Nordic countries accounting for some 10 per cent of total European premium income, he thinks it unlikely that the giants will stay outside Scandinavia much longer. If Skandia is to fend off such competition and expand in Europe, he maintains it must be big, which is why he announced last week's plan to buy back the outstanding shares in Skandia International.

The deal is supposed to allow Skandia to employ its strong capital base in expanding overseas more effectively, especially in such capital-intensive areas as building up marketing operations.

Even so, the merged group will only rank about 20th in the European league of insurers. In terms of premium income, it will be about a quarter the size of West Germany's Allianz and half the size of Italy's Generali.

The immediate priority for the newly merged company – assuming all the shareholders agree to the deal at a meeting later this autumn – will be to start operations in the EC, preferably through a strategic acquisition in West Germany, where the life insurance sector is in need of a shake-up, or in France.

Mr Wolrath, who has spent all his working life at Skandia, first on the investment side and since 1980 as chief executive, is today widely respected in Stockholm financial circles for his international perspective and outspoken manner in criticising what he sees as Sweden's rather backward-looking policy-makers.

However, four years ago, his future at the helm of Skandia seemed a matter of some doubt. There were calls for his resignation in some quarters when he announced that Skandia's profit would be hit by enormous losses from reinsurance in the US market.

Profit before extraordinary items fell from SKr1.392bn in 1983 to SKr75m the next year.

One of his responses was to float off Skandia International, arguing that the split would allow those investors looking for a relatively safe stock to put their money in Skandia, with its non-life and life insurance interests in the Swedish market, while the more risky international reinsurance operations were put under Skandia International.

While this made it easier to evaluate the performance of the international business, it also meant that Skandia International would have more freedom to pursue its international operations, for example in the UK and US.

Since then, Skandia has succeeded in strengthening its position. It has a capital base of SKr6.70bn in its life and non-life business and has seen a steady rise in profits from SKr671m in 1986 to SKr1.073bn last year despite tough competition on premiums in the Swedish market.

Meanwhile, Skandia International has changed its profile, building up its direct insurance side from about 14 per cent in 1985 to 33 per cent last year, while the reinsurance side has taken a concomitant slide in importance. Operating profit has remained at the same level in the last two years, though, and the company still faces heavy losses in its US business.

With an eye on developments in the EC, Mr Wolrath has clearly had to change tactics. His strategy in the past year has been to forge cross-ownership links with insurance companies in the Nordic region such as Pohjola, Finland's leading insurance group.

Meanwhile, Skandia International has increased its stake in Royal Chartered, Denmark's seventh largest insurer, to 50 per cent giving it an extra foothold in the EC in addition to its UK life assurance operations.

A number of Swedish government-appointed committees have come up with proposals for tighter restrictions in the insurance market in recent months, advocating a move contrary to the direction Mr Wolrath sees in the rest of Europe.

However, he remains optimistic that the recently re-elected Social Democratic government will choose to adopt a more pro-European stance.

US chip makers plan to open second front

Louise Kehoe on steps being considered to lessen dependence on Japanese suppliers

Semiconductor producers in the US are about to open a "second front" in their battle to survive Japanese competition. The move, aimed at reducing the US industry's dependence on Japanese semiconductor suppliers, comes two years after the signing of the US-Japanese semiconductor trade agreement that was supposed to provide a "level playing field" for the US chip makers.

The industry is turning to its main domestic customers seeking alliances and financial commitments designed to reduce the enormous risks associated with the extremely volatile semiconductor market.

Ironically, the partnerships of chip producers and users the US industry appears to be heading towards closely emulate the vertically integrated structure of the Japanese electronics giants that make both chips and computers.

The US goal of reducing dependence on Japanese chip suppliers is acknowledged by semiconductor producers and users alike.

The dangers of this dependency have been forcefully demonstrated over the past 12 months by a serious shortage of dynamic random access memories (Drams), 90 per cent of which are made in Japan.

US production of Drams was drastically reduced with the withdrawal of six big producers – Mostek, Motorola, Intel, National, ADM and AT&T – in the mid 1980s. The companies moved out of the Dram market after sustaining heavy losses during the 1985-86 period, when Japanese producers were alleged to have illegally dumped chips in the US at below-cost prices.

US computer manufacturers have been seriously affected by high prices and the shortage of supplies of Japanese-made Drams. These problems are, however, "nothing compared to the problems they will have in the future if we don't fashion a plan to free the hostages – our US customers," Mr W.J. Sanders, chairman of Advanced Micro Devices, a Silicon Valley chip maker, told industry analysts recently.

Mr Sanders's emotive language is a measure of the frustration felt within the US electronics industry. This frustration has led to plans for drastic action, including jointly funded Dram plants and long-term supply contracts that would assure a more secure future to both producers and buyers.

Industry leaders have talked privately about such steps for months. Their discussions culminated, earlier this month, in an industry "summit" at which semiconductor producers and users agreed on a common stand on the semiconductor trade issue. Since then, the idea of a collaborative venture in Dram production has been explored in earnest.

According to industry insiders, several computer companies are willing to provide partial funding for one or more new Dram plants to be operated and jointly owned by leading US semiconductor producers. They expect the companies to share the plant construction cost, estimated to be $200m, and to agree to long-term purchase commitments.

Any such scheme would not solve the immediate problems of the US computer industry. It would take at least 18 months, and probably two years before a new semiconductor plant could get into volume production of Drams.

There is widespread agreement within the industry, however, that it is important to encourage US semiconductor producers to return to the Dram market.

"This is a long-term issue," says Mr Rod Canion, president of Compaq Computer, who would "not rule out" the possibility of co-investment in Dram production by Compaq.

Apple Computer and Sun Microsystems have also acknowledged interest in joining a collaborative venture to produce memory chips.

There are, however, significant risks associated with such a venture, for both producers and users of memory chips.

The key issue is how long the Dram shortage will last. While opinions differ widely on the exact timing, most analysts agree that the supply problem will be resolved in 1989, removing the immediate need for new Dram plants.

Demand for Drams is, however, expected to increase dramatically over the next few years. In the personal computer industry, for example, the standard memory capacity of a high performance personal computer has more than tripled over two years. High Definition Television is expected to consume almost as many Dram chips as the computer industry.

"The Dram shortage may be more enduring than many believe," says Mr John Young, president of Hewlett-Packard. He is, however, sceptical about being tied down by long-term supply contracts or co-investment in Dram production.

"We'd like to have the best of both worlds, assured supplies and low prices," Mr Young says. "The worst situation would be to get hung up by such arrangements when prices come down fast."

What both semiconductor producers and users fear most is a major industry slump that could jeopardize their ability to support expanded Dram production.

There is also significant concern that US efforts to increase Dram production would lag behind Japanese technology.

US semiconductor manufacturers also hope to regain a lead in semiconductor, and especially Dram manufacturing techniques through Sematech.

Sematech's charter, however, involves developing manufacturing technology, but not actually producing usable chips because of complex anti-trust considerations.

But despite the risks involved in the latest proposals, a concensus is growing within the US electronics industry that semiconductor producers and users hold a major stake in the well-being of each other and that only through co-operative efforts can they safeguard against the threats of foreign competition.

MICRON Technology, one of only two remaining US Dram producers, yesterday reported a dramatic increase in earnings and sales for fiscal 1988.

Net income for the year was $98m or $3.25 per share, against a loss of $22.9m or 94 cents per share for fiscal 1987. Sales totalled $300.5m, more than triple the 1987 figure of $91.2 m.

Revenues for the fourth quarter of fiscal 1988 were $113.4m, compared with $29.5m for the same period of 1987. Net income for the fourth quarter was $43.3m, resulting in earnings per share of $1.27, compared to a net income of $1.4m and earnings per share of 6 cents for the fourth quarter of 1987.

Micron has embarked on a two-year, $250m capital expansion plan, including construction of a six-inch wafer fabrication facility and the expansion of assembly operations. The new fabrication facility, due to start operating in early 1989, is expected to double the production capacity.

Catalogue retailer in sale talks after it rejects bid

By Roderick Oram in New York

BEST Products, a leading catalogue showroom chain, is discussing the sale of the company following its rejection of a $21 a share, $520m takeover offer by an unidentified investor.

The board of the Richmond, Virginia, company said it was exploring several options for maximising its value to shareholders but there was no guarantee a deal will be done.

Its shares jumped $3⅝ to $18⅝ yesterday morning on the New York Stock Exchange.

In August, The Prospect Group, a publicly quoted New York leveraged buyout fund, declared a 9.9 per cent stake in Best Products.

Neither the fund nor the company would comment yesterday on whether the fund made the $21 a share offer or was still negotiating with the company.

Best Products, which usually runs a loss for the first three quarters of the year before turning profitable during the Christmas season, reported a loss for the first half ended July 30 of $12.4m, or 50 cents a share, against a loss of $9.6m, or 35 cents a year earlier.

Revenues were $804.2m against $823.1m.

The group runs 194 stores in 27 states selling five main categories of goods: jewellery, consumer electronics, home hardware and juvenile merchandise.

A separate jewellery store division is under development.

Best is shifting the focus of its mail order business by downplaying its general catalogue, cutting its printing to 5m from 11m this year, while developing some up-market ones linked to specific themes.

Prospect has previously tackled targets far smaller than Best Products.

Its acquisitions have ranged widely from bakeries and insurance companies to training camps for cheerleaders.

Kroger to sell $333m in assets to fight offers

By Roderick Oram in New York

KROGER, a US supermarket chain, has identified assets worth about $333m after tax it will sell to help finance its fight for independence in the face of two unsolicited takeover bids.

It has also lined up $3.6bn of bank financing for its recapitalisation and rejected as inadequate offers from Kolhberg Kravis and Roberts and the Haft family's Dart Group.

The rebuff may force KKR to break with the custom of friendly leveraged buyouts to launch the first hostile one.

Kroger, the second largest publicly traded supermarket chain after American Stores, said it would pursue its own restructuring worth an estimated $57 to $61 a share, or $4.5bn to $4.8bn in total.

Wall Street analysts disagree over which of the three offers is most valuable to shareholders. Kroger's has a distinct advantage, however, because roughly half its planned $40 a share cash dividend would be tax free. Kroger's shares rose $¼ to $56¼ yesterday morning.

Kroger previously announced it would sell assets as part of its own plans, but had not identified them until yesterday. It will sell its Price Savers Wholesale Warehouse operation to the subsidiary's management and a group of investors including Kroger with a 20 per cent stake and Goldman Sachs, Kroger's Wall Street financial adviser.

It said it was also negotiating sales of six other warehouse retail outlets, 38 supermarkets and 25 liquor stores in Florida, 29 supermarkets in the Carolinas, 27 stores in northern California and some of its manufacturing plants. It also hopes to sell and lease back some of its Texas real estate.

Kroger is offering $40 cash plus a debenture worth about $8, while the residual value of the common shares will be between $9 and $13 each, according to Kroger and Goldman, Sachs, for a total of $57-$61.

Analysts' estimates of the stub common stock's value vary widely and are generally lower than the company's. KKR is offering $58.50 and the Hafts $55, but both proposals have the same problem of valuing the KKR stub and securities in a new company formed by a merger of Dart and Kroger.

Solvay half-year earnings jump 24% to BF7.44bn

By Tim Dickson in Brussels

SOLVAY, the leading Belgian chemicals group, announced yesterday a jump of 24.2 per cent in underlying consolidated net earnings in the first six months of this year to BF7.44bn ($190m).

Consolidated sales in the same period rose 18.2 per cent to BF130.71bn.

Baron Daniel Janssen, Solvay's chairman, said that if the sale of the group's holding in the Corpus Christi Petrochemical company had been included net earnings would have reached BF10.47bn.

Solvay said the first six months saw "favourable developments" in all sectors of the group's activities.

The alkali sector showed "satisfactory progress," sales of peroxygens increased and profits remained stable, while the plastics sector registered gains in sales and profits, particularly in PVC, high-density polyethylene and polypropylene.

Profits and sales in processing increased, and the health sector achieved rapid growth due to the success of new pharmaceuticals.

The company said the situation would remain favourable at least until the end of the year.

Campeau buoyed by sell-offs

By Robert Gibbens in Montreal

CAMPEAU Corporation, the holding company of Canadian entrepreneur Mr Robert Campeau, continues to be buoyed by pre-tax gains on the sale of US assets.

The company is selling parts of Federated Department Stores following its acquisition this spring for more than US$6bn and is completing the restructuring of Allied Stores which it acquired last year.

For the first half ended July 31, Campeau reported net profit of $64m or $1.33 a share, against a loss of $67m a year earlier on revenues of $2.95bn against $1.42bn. Operating net was $172m, compared with $176m.

Included in the latest period are pre-tax gains of $492m from the sale of assets including Brook Brothers, a US store group, and shopping centres and other real estate in Canada. Also accounting changes increased profit by $25m, against a reduction in losses of $44m a year earlier.

Campeau said the US store operations were hurt by the poor retailing environment in North America in the first half.

Of total revenues of $2.95bn, the stores provided $2.28bn, supermarkets $549m, and real estate $129m.

Mr Campeau has said that total asset sales from the two US store groups acquired will be more than $4bn.

The company has shifted to a quarterly dividend policy with a 10 cents Canadian a share (eight cents US) payment due October 15 to shareholders of record October 5. The last payment was a semi-annual 10 cents in June.

● Toronto Dominion Bank, the only one of Canada's six biggest chartered banks not to buy a full-service investment dealer, has set up an equities research department as a preliminary to entering the institutional brokerage field.

The research group will do work for large institutional clients, and hopes to attract their securities trading business.

Reshape helps return to profit at Carter Hawley

By Deborah Hargreaves in New York

CARTER Hawley Hale, the California department store chain, yesterday reported a turnround to profit for its 1988 fiscal year, as the results of its restructuring programme began to take effect.

The company is in the middle of a major restructuring programme which is aimed at increasing profitability in its five department store chains.

It is also taking steps to reduce part of its sizeable debt.

It produced net income of $17.7m or 72 cents a share for the year to July 30, compared with a loss of $178.7m or $10.40 in the same period last year.

Sales for the year were up slightly at $2.62bn, from $2.6bn in the previous year.

The company's 1988 results were affected by a pre-tax gain of $90m from the sale of its interest in a shopping centre and a charge of $28.5m for restructuring costs.

The previous year's results included pre-tax charges of $133.5m.

Carter reported a loss for the fourth quarter of $9m or 43 cents a share, compared with a loss of $188.8m or $9.68 in the same period a year ago.

Sales for the quarter were unchanged from the previous year at $594.5m.

The group's share price was unchanged yesterday at $9⅜.

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INTERNATIONAL COMPANIES AND FINANCE

Pechiney reports strong surge in first half

By Paul Betts in Paris

PECHINEY, the French nationalised aluminium group, reported yesterday a strong surge in first-half net profits to FFr744m ($116m) compared with a profit of FFr270m in the first half of last year and earnings of FFr729m for the whole of last year.

First-half sales in 1988 totalled FFr24.4bn compared with FFr39bn for the whole of 1987.

The group said that the latest first-half performance could not be compared with that of last year since the 1988 results reflected new consolidation methods and major changes in the group's structure during the second half of last year.

In the 1987 period Pechiney shed control of its copper operations and reduced its stake in the Becancour aluminium complex in Canada.

Pechiney said tha gronp's first-half results were both the fruit of the company's extensive restructuring efforts as well as of general economic conditions.

Profits from alnminium advanced strongly reflecting the increase in world aluminium prices. These operations are expected to perform even more strongly in the second half because of the continuing rise in prices and the recovery in the US dollar exchange rate.

Pechiney said profits in its speciality products and packaging operations were also satisfactory in tha first half. Ferro-alloys had recovered, contributing to profits in the first half.

The French group said it intended to pursue its strategy of consolidating its international position in the aluminium market and of developing, through internal growth and acquisitions, its specialty products and packaging businesses.

Pechiney, whose first-half operating profits totalled FFr1.7bn compared with FFr1.79bn for the whole of last year, has made seven acquisitions in the speciality products and packaging sectors so far this year.

● Valeo, the French car components maker, has reported a first-half profit rise of 163 per cent to FFr535m, and said it expected continued growth in 1988.

The first-half figure compared with the record FFr440m profit for the whole of 1987 and was above the company's August forecast of FFr500m.

Valeo said its capital was now FFr1.19bn francs, comprising 11.92m shares of FFr100 nominal value.

Final lap for bank merger talks

Haig Simonian on plans by two West German banks to join forces

Detailed discussions on the planned merger between Westdentsche Landesbank (WestLB) and Hessische Landesbank (Helaba), which would create West Germany's second-largest bank with total assets of around DM225bn ($120bn), are due to begin between the finance ministers of North Rhine Westphalia and Hesse next month.

Shonld the talks go smoothly, the necessary legislation could be passed by the parliaments of the two states as early as next year, according to Mr Friedel Neuber, WestLB's chief executive.

A merger has already been approved in principle by senior figures in the state government and regional savings bank organisation in North Rhine Westphalia, which jointly own WestLB.

Moreover, the venture is also believed to have been informally accepted by savings banks in Hesse, which own half of Helaba.

However, at a press conference, Mr Neuber took care to play down suggestions that a merger was all but sealed. He said: "The press has gone further than us in our discussions on this. We know that a plethora of complicated questions must still be solved."

His cantion follows recent suggestions that the Hesse state government, Helaba's joint owner, may be having doubts about a merger.

The prospect of a bigger WestLB presence in Frankfurt following a merger is certainly a strong attraction for many Hesse politicians hut the future ownership structure of a new merged bank, in which WestLB would be by far the bigger partner, could be a sticking point.

According to a senior Helaba exective, negotiations between the two state finance ministers would not be possible until certain key points were resolved.

He said that the ownership structure of the new bank was the decisive issue, as a range of other matters, such as the division of profits and dividends, would depend on it.

Moreover, some observers still think that the two banks would be better served by improving their links with their regional savings banks' organisations than by seeking to merge. Better co-operation with local savings banks could also boost profitability, it is argued.

Mr Neuber said that if the merger talks fell through "it would not be pleasant for us." Yet he indicated that while a merger with Helaba would help WestLB implement its "strategic development plans," the bank would pursue its present policies regardless.

These policies centre on developing the bank's presence in key European markets ahead of the European Community's free market in financial services after 1992. The bank is currently studying its business strategy and hopes to reach conclusions by the end of the year.

Among its priorities are strengthening its coverage in France and the UK. It also plans to develop its presence in Italy and Spain more modestly, although Mr Neuber gave no indication of how these plans would be implemented.

However, he emphasised that while WestLB could put through its European strategy alone, progress would be easier and faster if it were done in conjunction with the right domestic merger partner.

Mr Neuber said that this year's upward trend in interest rates was likely to impair WestLB's profits. However, the signs were that lower risk provisions would be required, meaning that profits for 1988 were likely to be "satisfactory."

Commerzbank still seeks cross-holdings

By Haig Simonian in Berlin

COMMERZBANK, the third-largest bank in West Germany, remains committed to its strategy of seeking cross-shareholdings with other leading European partner banks, despite the donhts now cast over its planned link with Credit Lyonnais of France.

Mr Walter Seipp, Commerzbank's chief executive, said: "I have the impression that the present (French) government has no intention of privatising Credit Lyonnais."

Commerzhank, which already has a 10 per cent stake in Banco Hispano Americano of Spain, had hoped to become one of the long-term "core shareholders" in Credit Lyonnais once it was privatised. However, Mr Seipp pointed out that it can only take reciprocal stakes in private-sector banks.

Mr Seipp admitted that Commerzbank might be interested in a holding in Banco di Roma, the large Italian bank.

He noted the interest of many German banks in the Italian market ahead of the European Community's planned free market in financial services in 1992. However, Commerzbank would only be interested in linking with a bank that was represented throughout Italy but takeover opportunities were limited because hardly any Italian bank offering nationwide coverage could be bought.

An equity link between Commerzbank and Banco di Roma has been the subject of recent speculation in the Italian press. Such a link could come about in the context of a potential forthcoming rights issue by the Italian bank.

Mr Seipp said: "I wouldn't exclude us taking a participation in Banco di Roma if this were possible, for instance in the case of a capital raising."

In Rome yesterday, Banco di Roma, which is state-controlled, said it was not negotiating the sale of part of a planned capital issue to Commerzbank. In view of the single European market it was studying ways to intensify collaboration within the Europartners group but added that there were no negotiations for tha transfer of any shares.

Parmalat has no need for saviour says chairman

By John Wyles in Rome

MR CALISTO Tanzi, chairman of Italy's Parmalat food empire, yesterday broke a long silence over his company's financial problems and future strategy with a defiant declaration that "nothing and no one" was needed to save it.

Opening a new bakery products plant – the company's 10th manufacturing centre in Italy – near Potenza in Basilicata, Mr Tanzi revealed that the company's short-term debt was L200bn ($143m) and not the L500bn widely reported in recent weeks.

The debt burden has been seen as one factor encouraging Mr Tanzi to discuss selling part or all of his company to the US multinational Kraft in negotiations which have now apparently been closed without any agreement.

Mr Tanzi said: "Our company is experiencing problems not dissimilar to those of other groups which are growing rapidly and, in any case, there is no need to be saved by nothing and no one."

The company had been and continued to be efficient and the "flattering offer" by important and serious multinationals testified to its "enormous" capital value.

Parmalat was in the top five Italian food producers with annual sales of around L1,000bn and was enjoying sales increases this year ranging from 6 per cent for milk to 70 per cent for fruit juices and 82 per cent for creams.

Georg Fischer expects further advance this year

John Wicks in Zurich

GEORG FISCHER, the Swiss engineering concern, expects a further increase in profits for the current year, according to a letter to shareholders.

In 1987 the Schaffhausen-based company had booked a rise in group earnings from SFr37m ($23m) to SFr39m after turnover had gone up from SFr1.97bn to SFr2.09bn.

Business has grown faster than last year in the first eight months of 1988, with group turnover up 6 per cent to SFr1.35bn and new orders by as much as 14 per cent to SFr1.49bn.

Capital expenditure is to reach some SFr140m this year, compared with 1987 investments of SFr130m, and will be directed particularly at the German plants in Mettmann and Singen and the parent-company works in Switzerland.

Expenditure will be centred mainly on foundries and pipeline systems.

● Manufacturers Hanovers (Suisse), a unit of the big US banking group, will be curtailing its Swiss franc underwriting, sales and trading business as of December 31, said Mr Francois Herve, managing director, agencies report.

However, the US-based firm will continue to maintain its Geneva private banking operations and its Zurich commercial bank branch. Mr Herve said it would be refocusing its emphasis on other activities, especially the Geneva private bank.

Tractebel slips at half-time to pre-tax profit of BFr4.6m

By Tim Dickson in Brussels

TRACTEBEL, the leading Belgian energy, telecommunications and media concern, announced yesterday that its pre-tax profit in the first half of 1988 amounted to BFr4.6bn ($117m), compared with BFr4.8bn in the equivalent period a year ago.

Tractebel's shares have been the subject of intense Stock Market speculation this month. Explaining that the fall in profits was due to lower exceptional items this time, the company added that "barring unforeseen circumstances" the profit for the whole year "ought to be superior to that of 1987."

The dividend for the period "ought to be at least equal to that of 1987" even though the company's capital had expanded by 31 per cent as a result of the share issues in March and July.

The Tractebel board, meanwhile, made no mention of the recent fluctuations in its share price though the company insisted that the identity of the mystery buyer in the market remained unknown.

The company pointed to last week's statement from the company's "stable" shareholders – the major holding companies Société Générale de Belgique, Groupe Bruxelles Lambert and Sofina – which confirmed their wish not to see "the majority affected."

Yesterday's statement, however, confirmed that Petrofina, the Belgian oil multinational, had acquired the rights to BFr2bn of warrants and that "the exercise of these warrants would bring to 56 per cent the majority control of the principal shareholders."

Tractebel's share price, meanwhile, was virtually unchanged at BFr8040 after a quiet session yesterday.

KJR raises interim earnings

By Karen Fossli in Oslo

KRISTIAN Jebsens Rederi (KJR), the Norwegian shipping group, has lifted *first-half* 1988 operating profits by NKr14.8m ($2.13m) to NKr23.8m compared with the same period in 1987.

This was despite a net loss in the shipping division of NKr34.3m, up nearly six times from a deficit of NKr6.2m a year earlier. At the group level, net losses were reduced to NKr57.6m from NKr70.7m in the same period last year.

Uncertainty surrounds the future of KJR whose creditors are pressing the company to sell its ships to pay off its high debt. A moratorium agreement with its creditors expires in December but Mr Atle Jebsen, the president, said that KJR hopes to get an extension on the moratorium deadline.

The company is to be split however, to operate from Bergen and London. KJR Management will still manage between 90 and 100 ships but in Bergen the management will be for those ship operating in Europe, the Far East and Australia.

Another part of the company, AJ Marine Services, is to be based in London, to manage that part of KJR's fleet which operates in Africa, the Middle East and the Americas.

Mr Jebsen said that the business of AJ Marine Services, which is owned by the top management of KJR together with a group of international investors, is showing a marked improvement and expansion is underway.

Mr Jebsen cited as the reasons for the move to London: lower operating costs in London; getting closer to the market and the company's customers; better recruitment opportunities as the company expands; being inside the European Common Market as 1992 approaches.

Taiwan to restart personal stock tax

By Bob King in Taipei

MS SHIRLEY KUO, Taiwan's finance minister has announced plans to reintroduce taxation of individuals' earnings on stock transactions – a move that could cool Taiwan's seriously-overheated market.

Ms Kuo announced the measure at the start of a 4½-day national holiday on Saturday – enough time while the exchange is closed for the decision to sink in without precipitating panic selling.

The market index closed on Saturday at 8,789.78, up by a factor of more than three from a low point last December. The activity, especially in recent weeks, has confounded the experts, who maintain that a major correction is overdue.

The reintroduced tax will not take effect until January 1 and will initially affect only those individual investors with earnings in excess of Taiwan $3m (US$104,000). A year later, all individual capital gains will be taxed. Investors who have held their shares for more than a year will receive a 50 per cent tax discount, which may serve to discourage rampant speculation.

Ms Kuo denied that the tax, which has been suspended for more than 10 years, was reimposed to cool off the market.

However, it has been clear for some time that the government fears a repeat of the fallout from last year's correction, after which hordes of small investors demanded that the Government compensate them for their losses.

INTERNATIONAL COMPANIES AND FINANCE

Rand Mines acquires 72% stake in Lefko

By Our Financial Staff

RAND MINES, the South African mining concern, has acquired a 72.6 per cent controlling stake in Lefkochrysos, the Transvaal platinum mining venture which has been hit by cost overruns since it was launched on the Johannesburg and London stock exchanges last year.

Rand Mines, part of the Barlow Rand industrial group, will take over management of the project from Golden Dumps, the small South African mining group which controlled Lefko. The deal follows three weeks of talks during which shares in Rand Mines' platinum arm, Barplats Investments, and Lefkochrysos were suspended in Johannesburg.

In the deal, Barplats acquired Salene Mining's entire holding of 30.6m Lefko shares at 450 cents (US$1.12)each. It will keep 22.2m and nominees will take up the rest.

Barplats's Rhodium Reefs mine will be absorbed into Lefkochrysos in return for 38m, 8 per cent convertible debentures at 490 cents each and 39.8m new Lefko shares at 450 cents.

Rand Mines said Lefkochrysos would need R350m to achieve ore production of 160,000 tonnes a month. At least R215m will come from Rhodium Reefs and the rest will be borrowed.

It hopes to have the Lefkochrysos mine in production early next year, with working profits starting in 1990. This will take preference over developing Rhodium Reefs.

"Lefkochrysos should therefore start producing working profits in the 1990 financial year with the expectation that dividends will commence not later than the 1992 financial year," Rand Mines said.

Barplats may also issne a dividend earlier than the year ending September 1993 as a result of the deal.

Lefkochrysos said in March it had a new government-tested process to smelt the mine's complex UG2 ore without adding other ore. UG2 ore has had to be mixed with ore from the nearby Merensky reef for smelting, industry analysts said.

Ariadne to sell A$650m of assets to reduce debt

By Chris Sherwell in Sydney

ARIADNE Australia, one of the companies worst hit by last October's sharemarket crash, has announced three asset sales worth more than A$650m (US$512m) to help reduce its debt.

The biggest was its sale at the weekend of the prestigious Sanctuary Cove real estate and resort development on Queensland's Gold Coast, south of Brisbane.

As expected, EIE Development, the Japanese investment group, was the purchaser. The A$341m it paid was well in excess of the A$280m it originally offered.

Agreement was reached on Saturday and announced to the stock exchange yesterday. The sale followed last Friday's disposal by Ariadne of its Repco automotive parts, distribution and cycle businesses for A$256m. The buyer was Pacific Dunlop, the diversified manufacturing and distribution group.

Also being sold is Ariadne's stake in the US group KDI Corporation, to a management buy-ont team headed by Mr Eugene Cafiero, a former Ariadne chief executive. Ariadne holds 10 per cent of KDI directly and 39 per cent through Impala Pacific in Hong Kong. The sale is expected to realise some A$125m.

Ariadne's debt is put at more than A$1bn, so the proceeds of the three sales will have a major impact on the company's gearing. Other sales may be forthcoming. The group's remaining assets include some financial services operations in the US and UK, and stakes in Impala and New Zealand's loss-making Renouf Corporation.

Ariadne's ownership remains confused. Its former head, New Zealand entreprenenr Mr Bruce Judge, is in the process of buying a 19.9 per cent stake for A$84.7m on a deferred payment from Mr Larry Adler's FAI Insurances. Funding has apparently been arranged with the assistance of EIE.

Earlier this month the Essington group, controlled by Mr Malcolm Edwards, who is also close to EIE, moved to a 18 per cent holding through a purchase from Ariadne's main creditor, the Bank of New Zealand. As the only Ariadne director with a significant shareholding, he is believed to hold the key to the company's future.

Faber Merlin posts loss of 108m ringgit

By Wong Sulong in Kuala Lumpur

FABER Merlin, the financially troubled Malaysian hotel and property group, has announced a capital reconstruction scheme, after reporting a record loss of 108.2m ringgit ($41.5m) for the year ended June.

Accumulated losses now stand at 285m ringgit.

Under the reconstruction scheme, a one-for-two rights issue amounting to 176.5m shares, is to be made, to raise 40m ringgit, which will go towards completing some of its property projects, hotel refurbishment and working capital.

The rights, priced at one ringgit par value, would be issued at 25 cents each.

After the rights issue, a new holding company (NHC) will take over Faber Merlin, and will issue three new shares of one ringgit each, for every five shares of Faber Merlin.

Creditors would be invited to convert their loans into shares of NHC in the ratio of one ringgit loan to one share.

According to the Faber Merlin statement, the group owes 266m ringgit to its creditor banks. All of the loans are in default. In addition, the group has defaulted on 17.74m ringgit worth of loan stocks which matured last October.

Faber Merlin said following the restructuring exercise, NHC is expected to have a paid-up capital of 372.8m shares of one ringgit each. The net tangible assets per share would increase from 50 cents to 73 cents, and the group hopes to return to profitability by the end of 1990. Its shares fell six cents to 35 cents yesterday in active trading.

The restructuring scheme is advised by Commerce International Merchant Bankers Berhad.

Faber Merlin was set up 25 years ago by the late Mr Chang Ming Thien, a prominent Chinese businessmen, and was taken over in 1984 by the Fleet Group, controlled by the ruling United Malays National Organisation. Its hotel and property operations were badly hit by the 1985-86 Malaysian recession. Revenues in 1987-88 fell 16 per cent to 79.5m ringgit from 94.6m ringgit in 1987. The company said it recorded an operating loss of 4.1m ringgit, considerably lower than the 16.7m ringgit lost a year earlier.

Interest on borrowings grew 7.7 per cent to 31.5m ringgit.

Australian capital body in profit

By Our Sydney Correspondent

THE New South Wales Investment Corporation, the state government's venture capital arm shortly to be privatised, yesterday reported pretax profits of A$10.35m (US$8.15m) in its maiden full-year result.

Both the corporation and the Liberal party state government hope the figure will enhance outside interest in the sale, which is being billed as the first pure privatisation by a federal or state government in Australia.

A breakdown of the figures shows that an operating profit, before tax and provisions of A$5.6m, came from an inherited portfolio of some 800 loans which had been made to New South Wales businesses by the previous Labor party government and were acquired by the corporation in July last year.

Another A$5.8m of profit before tax, write-downs and provisions came from a venture portfolio comprising some 24 major investments undertaken by the corporation since its inception in October 1986.

The investments include companies involved in computer software development, laser applications; security systems, special purpose cars, freshwater fish farms and tourist developments.

The privatisation of the New South Wales Investment Corporation is the most advanced of the state government's asset sales.

It also hopes to dispose of A$1bn worth of properties over four years, to sell part of the state brickworks and to reorganise on a corporate basis the state's grain-handling authority.

The federal Government, apart from various property sales, has so far committed itself only to floating 30 per cent of the Australian Industry Development Corporation, the state-owned investment bank. Plans to sell off parts of the Qantas airline and Australian Airlines, the Commonwealth Bank and other entities are still under review.

Fletcher Challenge may bid for NZ bank

By Dai Hayward in Wellington

FLETCHER Challenge, the New Zealand-based conglomerate, has applied to the country's Commerce Commission for permission to acquire up to 100 per cent of the Bank of New Zealand.

The NZ Government, which owns 85 per cent of BNZ, has announced its intention to sell the bank as part of its sale of government assets. The other 15 per cent is held by the public.

Several other institutions, including some overseas banking groups, are known to be interested in buying a part of BNZ and are receiving detailed information about the bank.

Several overseas banks are understood to want a minimum 50 per cent shareholding if their offers go ahead. But KPMG Peat Marwick, one of the leading management consulting firms, said it would be a mistake to sell a large shareholding in BNZ to one new buyer, particularly an overseas financial institution.

KPMG recommends instead a public float of the government shares, possibly spread over some years. Other financial commentators have supported the idea of a public float as being more politically desirable and in line with public attitude.

Fletcher Challenge is the first local institution to seek Commerce Commission approval to acquire the whole of BNZ.

The application does not mean FCL would necessarily bid for 100 per cent.

Last week Fletcher Challenge, a forestry, resources and construction concern, applied for permission to take 100 per cent of Feltrax International, a New Zealand industrial holdings company. Equiticorp International owns 80 per cent of Feltrax.

Analysts say it is highly unlikely that Fletcher Challenge would bid for both companies. Instead, they suggest it is keeping all options open by testing the regulatory climate.

Jurong income climbs 89%

By Our Financial Staff

JURONG Shipyard, which controls Singapore's third-largest ship repair yard, said group pre-tax profit climbed 89 per cent to S$12.5m (US$6.13m) in the first half from S$6.6m in 1987.

For the six months from January to June, group turnover grew by 53 per cent to S$98.2m in the period from S$64.4m in 1987. Operating profit climbed nearly 110 per cent to S$11.4m from S$5.4m.

A 95 per cent increase in taxes to S$3.7m from S$1.9m trimmed the group's gains, but after-tax profit still showed a 91 per cent increase to S$8.8m from S$4.6m in 1987.

Profit and extraordinary items attributable to shareholders rose 31 per cent to S$9.2m from S$7m in 1987.

The group's directors said the improved results were due to the "buoyant" ship repair and ship conversion business. They were confident of maintaining that performance.

Eisenberg to invest in Israeli exports

By Our Jerusalem Correspondent

MR SAUL EISENBERG, the reclusive international financier, has announced a multi-million dollar investment programme in Israeli exports industries.

Interviewed in a Jerusalem newspaper, Mr Eisenberg unveiled two projects for the manufacture of pre-recorded video tapes and cotton jeans. He said annual export sales of each would exceed $200m.

The projects are joint ventures with foreign companies seeking to diversify their manufacturing capacity and to take advantage of Israel's privileged access to the European Community. Mr Eisenberg's overseas partners, whose identities are still secret, would buy the entire output.

The high-quality video tapes, designed for the professional rather than home markets, would be made in association with an established US producer, which would supply the technology. Mr Eisenberg, who laid the foundation of his fortune in Japan and South Korea, sees Israel as a challenge to Far Eastern dominance of the market.

The jeans would be made in association with one of the biggest Brazilian textile companies. Brazil would provide the cloth, Israel the tailors.

Mr Eisenberg plans to invest about $150m in each project, building factories in low-cost development towns or buying redundant units from Israeli companies hit by the current economic squeeze.

The 67-year-old financier, who escaped from Nazi Germany to Shanghai in his teens, is an Orthodox Jew with homes in seven countries and his own executive Boeing 707 jet. He spends about three months a year in a mansion he built at Savyon, near Tel Aviv.

In 1983, he bailed out the ailing Israel Corporation, which had failed in its aim of channeling private capital into Israel, and now uses it as a vehicle for his investments.

Mr Eisenberg's latest plan was welcomed by one observer as "one of the largest and most ambitious private sector investment programmes in Israel economic history."

Although Mr Eisenberg was highly critical of the lack of co-ordination and planning in the Israeli economy, he said Israel could attain economic independence within a decade if it changed its ways.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Regulators reach a model deal

Deborah Hargreaves on wide-ranging US/UK futures co-operation

Last week's memo of understanding between UK and US futures industry regulators signals a growing spirit of co-operation among international futures watchdogs as the industry extends its global reach.

Prompted in part by the UK Financial Services Act of 1986 and made more pressing by last October's stock market crash, the agreement is an important step towards a closer working relationship between officials in the UK and US futures industry.

The deal, which Ms Wendy Gramm, US Commodity Futures Trading Commission (CFTC) chairman, describes as "significant," is the first of its kind to be made by the agency. While similar deals exist between the US and Australia and Canada and Singapore, they are not as far-reaching.

The memo applies specifically to about 20 US futures firms which have branches in London. It exempts them from complying with UK capital requirements, leaving the US agency as their primary regulator.

However, the agreement is more wide-reaching in its provision for information sharing between regulators on both sides of the Atlantic. The CFTC will provide British regulators with data on US firms' capital exposure in US markets — monitored by leading futures exchanges in Chicago and New York.

US industry officials will alert their British counterparts if a US firm is a "high risk" operation and, in turn, UK officials will pass on data about the exposure of a branch of a US firm operating in London and on UK firms allowed to solicit American customers.

Wendy Gramm: significant spirit of co-operation

The deal, which the CFTC is keen to use as a model for agreements with other countries, includes all leading US futures exchanges as well as self-regulatory organisations in both countries.

In practice, the agreement will prove useful in speeding up contact during a crisis, when it is crucial for regulators to be able to assess a firm's overall risk.

The deal recognises the need for broad information sharing during an emergency and could have provided an important flow of data if it had been in place during last October's stock market crash.

Mr Kevin Holland, vice-president at the Chicago Mercantile Exchange, who was involved in negotiations, believes the arrangement would also have been extremely useful during the tin crisis in 1985.

He says: "We had fears of some related members of our clearing firms going down for all sorts of numbers and we saw a lot of reports, but it was hard to confirm anything."

Mr Holland believes this type of agreement is critical for opening up communication between two countries' regulators.

"That's really 75 per cent of the problem . . . you need to set up relationships so that people are at least comfortable to speak to each other on the phone."

The memo will make it easier and cheaper for US firms to do business in London as they will not be subject to two sets of regulation. The number of operations it covers is likely to grow with the increasing internationalisation of the futures industry.

In the fall-out from October's crash, leading US futures exchanges have been strong in their opposition to any tighter regulation of domestic markets that could push business to a more liberal overseas location.

Part of this crusade involves a push for a co-ordinated scheme of regulation across national barriers. This is still a long way off, but the industry regards these agreements as being a significant first step.

There is a general recognition of the need for more co-operation among futures bodies around the world, according to a source at the CFTC, but how to satisfy that need is a difficult question.

The CFTC realises the importance of sharing information, as data are relevant to more than one area. It stresses: "We also have to work together to avoid jurisdiction-hopping by firms hoping to escape enforcement."

In addition, many futures markets are now connected to each other via fungible contracts and trading links. While exchanges have to work out the details of trading rules for their own links, the CFTC has to approve the overall format and set up contact with regulatory officials in the partner exchange's country. Nevertheless, many trading links have foundered on seemingly insurmountable differences in regulation and trading rules.

For this reason, the US futures industry has largely moved away from links with foreign exchanges as a way to increase its global reach and is pursuing looser partnerships instead.

In April, the Chicago Board of Trade reached its own surveillance agreement with the Tokyo Stock Exchange as a prelude to a broader relationship between the two.

The partnership gives the Chicago exchange US trading rights to the new Topix stock index futures contract that started up in Japan last month.

The CFTC would like to make its own agreement with Japanese authorities, following the participation of US brokerage firms in that country's nascent futures contracts and the growing Japanese presence in Chicago and New York.

So far, contact between futures regulatory agencies in Japan and the US has been on a case-by-case basis, but the regulators are involved in discussions on extending that co-operation.

At the same time, many countries draw on the CFTC's experience in regulatory issues and are setting up their own watchdogs. "Our rule books are best-sellers around the world," a CFTC official says.

Ceiling on foreign sovereign debt ends

By Dominique Jackson

A MOVE BY Mr Nigel Lawson, the Chancellor, to abolish the ceiling for foreign sovereign and para-statal borrowers in the sterling bond markets was warmly welcomed by gilt and Eurosterling dealers yesterday, although the decision is not expected to prompt a scramble by these borrowers to tap the market.

Mr Lawson announced he was scrapping the £200m limit on issues by foreign sovereign borrowers in a speech at the International Monetary Fund meeting in Berlin, on the eve of today's UK trade report for August which will determine the near-term course for sterling markets.

The sterling bond markets have long been open without limits to overseas corporate borrowers, but there has hitherto been a limit on the permissible size of issues by foreign sovereign or quasi-sovereign borrowers.

The limit was raised last year to £200m but Mr Lawson announced yesterday he had decided to dispense with it altogether. A key factor behind the decision is thought to have been the shortage of gilt-edged stock.

The projected surplus in UK government finances of up to £12bn ($19.9bn) implies a sharp reduction in gilt-edged funding. While the expected tightening of supply has not yet revitalised the Eurosterling sector, reluctance to sell gilt-edged holdings is currently helping to underpin prices.

Mr Nicholas Cranston, senior sterling bond analyst at Barings, said the move was welcome, particularly in the light of recent market trends towards larger and, consequently, more liquid issues.

However, he pointed out that, for the majority of absolute borrowers, current interest rates were still too high to warrant a sudden rush of sterling bond issues. The fixed-rate Eurosterling market has, in particular, been virtually dormant of late.

By contrast, the floating-rate note market in sterling is extremely robust and has eclipsed the once dominant US dollar FRN sector.

New York bonds fall as central banks sell dollar

By Our Euromarkets Staff

NEW YORK

A BOUT of concerted intervention in foreign exchange markets by US and European central banks pushed US treasury bonds back from their early highs and forced them to end the European trading day as much as a half point below the day's best levels.

Early in the day, the dollar's strength, combined with a drop in gold prices below $390 per ounce and another fall in crude oil prices, helped bonds gain about ¾ points, albeit in very light trade.

But G7 governments, waiting until midday when financial markets in New York open, underlined their determination to promote stable exchange rates in the weeks leading up to the US election by selling dollars. Bond and note prices immediately responded, reversing the days gains.

By the end of the European trading day, the coupon-equivalent yield on one-year Treasury bills was about 96 basis points, while investors switching into 30-year bonds from two-year notes stand to gain only about 65 basis points in yield. Analysts said this was the narrowest spread seen in the markets in about two years.

LONDON

In the gilts market, dealers were uncharacteristically calm ahead of key August trade data due out later today. Expectations of a UK current account deficit of £1.5bn to £2bn have already been built into gilts prices. In fact, some City analysts are said to be forecasting a deficit as low as £1.1bn, encouraging market makers to buy back stock they had sold short earlier.

The anxious grab for paper in an increasingly illiquid market helped gilts to close as much as a half-point higher among the longest-dated issues. Speculation is mounting that the Bank will retire the conversion 3½ per cent undated stock, which has a sinking fund. Indeed, while other gilts prices have fallen sharply over the past month, the price of that security has risen to 60¼ yesterday from 53⅛ a month ago.

TOKYO

In the Japanese government bond market, prices closed roughly unchanged in very light trading, with the yield on the benchmark number 89 bonds closing at 5.065/055 per cent.

Trading has been extremely light. With Emperor Hirohito seriously ill, Tokyo Stock Exchange officials are said to be pondering the possibility of markets closing for a period of mourning. As a result, dealers are wary of taking on new positions for fear they may have to sit with them for several days, unable to sell.

But the lack of activity reflects more than financial concerns. Even the European employees of Japanese firms have been constrained from trading.

FRANKFURT

Overshadowed by central bank activities in the foreign exchanges, where the Bundesbank's actions in selling the dollar were said by traders to be modest but significant, Frankfurt showed little change yesterday with Bund prices shading some 20 basis points in thin volume. Ten-year Bund yields closed just short of 6.60 per cent while mortgage bonds ended at about 6.70 per cent.

Traders spent most of the day bugging the forex screens as the dollar climbed decisively above DM1.89 before falling back under concerted central bank pressure.

The money markets, which eased marginally following last week's securities repo, stayed relaxed. Despite the day's sharp currency movements, traders did not expect the Bundesbank to depart from its timetable of October 4 for the next repo.

The figures for German inflation in the month to mid-September are due shortly, possibly on Wednesday. Given the recent favourable run of money supply numbers, the bond market expects little change from the 1.2 per cent year-on-year shown by August.

PARIS

With the strength of the dollar taking some of the sting out of the pressures building up within the EMS, Paris recouped the losses incurred at the end of last week with the OAT market shrugging off the ill-effects of grisly August trade figures. Underpinned by another active day for the Matif futures market, 10-year OAT gained 50 basis points to push the yield on the 8.5 per cent 1997 benchmark bond down to about 8.69 per cent.

Dealing volume was low, however, and made up almost solely of local demand. Traders describe the market as largely trendless with most professional dealers anxious about the narrowing differential to German Bunds. This has eased to about 215 basis points and is beginning to flash sell signals.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red. date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	109-02	-27/32	10.93	10.87	10.74
		8.750	8/97	92-26	+6/32	10.22	10.41	10.37
		9.000	10/08	97-17	+15/32	9.49	9.70	9.66
US TREASURY*		9.250	8/98	101-21	-7/32	9.19	9.15	9.61
		9.125	5/18	100-13	-11/32	9.29	9.25	9.66
JAPAN	No 105	5.000	12/97	99.5595	0.084	5.12	5.15	5.31
	No 2	5.700	3/07	103.7352	0.096	5.45	5.48	5.55
GERMANY		6.500	5/98	99.4000	-0.025	6.70	6.68	6.90
FRANCE	BTAN	9.000	7/93	101.8171	0.288	8.50	8.53	8.86
	OAT	8.500	6/97	98.6000	0.475	8.72	8.79	9.29
CANADA*		9.500	10/98	96.5000	-0.125	10.30	10.27	10.61
NETHERLANDS		6.500	7/98	100.2000	-0.100	6.60	6.63	6.84
AUSTRALIA		12.500	1/98	102.9884	-0.739	12.30	11.89	12.28

London closing, *denotes New York morning session
Yields: Annualised 365 day actual Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Unigestion to market bonds

UNIGESTION, the Geneva-based finance company, is to set up from the start of next year a market-making desk in Swiss franc bond products and shares, our Financial Staff writes.

The operation will be aimed mostly at the company's own customers. Two senior traders have been recruited from Amtrade Partners, a unit of American Express Bank, to run the operation.

Sealink seeks £86m syndicated credit

By Our Euromarkets Staff

SEALINK, the UK shipping concern, is seeking a £86m five-year financing, its first-ever syndicated credit in the Euromarkets.

The company, whose prospects have been clouded by the impending completion of the Channel tunnel and repeated labour disputes, plans a series of presentations to banks in the hope of gaining wider acceptance.

Previously, Sealink's funding was in the form of asset financings. General funds were obtained through a single bank borrower, Citibank.

Chase Manhattan has been mandated to arrange the financing, of which about £57m will be in the form of a five-year term loan. The loan will be collateralised by a security package consisting of vessels, property and receivables equal to 140 per cent of face value.

The loan begins amortising at the end of the first year, with 4½ per cent of principal repayable each year and a final balloon payment at the end of the fifth year.

The remainder of the financing is in the form of a revolving loan and an overdraft facility which will carry a margin of 75 basis points over London interbank offered rates.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Monday September 26 1988

Figures in parentheses show number of stocks per section

No.	Group	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Fri Sep 23 Index No.	Thu Sep 22 Index No.	Wed Sep 21 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (210)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (37)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Electronics (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (185)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31	Packaging & Paper (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Publishing & Printing (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (34)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40	OTHER GROUPS (93)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	Agencies (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Conglomerates (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47	Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48	Miscellaneous (26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (488)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oil & Gas (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (121)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (78)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (789)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Index No.	Day's Change	Day's High	Day's Low	Sep 23	Sep 22	Sep 21	Sep 20	Sep 19	Year ago
FT-SE 100 SHARE INDEX ‡	1792.7	+6.3	1795.3	1789.4	1792.4	1780.7	1796.8	1772.1	1759.9	2368.1

FIXED INTEREST

	PRICE INDICES	Mon Sep 26	Day's change %	Fri Sep 23	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	118.81	+0.14	118.64	--	9.35
2	5-15 years	135.47	+0.24	135.22	0.07	9.78
3	Over 15 years	145.42	+0.31	144.97	--	11.09
4	Irredeemables	166.65	+0.14	166.39	--	8.84
5	All stocks	132.60	+0.22	132.35	0.04	9.47
	Index-Linked					
6	5 years	127.64	+0.14	127.46	--	1.81
7	Over 5 years	121.52	+0.18	121.31	--	2.65
8	All stocks	121.85	+0.17	121.64	--	2.57
9	Debentures & Loans	115.56	------	115.56	--	7.82
10	Preference	87.81	-0.14	87.93	--	4.36

	AVERAGE GROSS REDEMPTION YIELDS		Mon Sep 26	Fri Sep 23	Year ago (approx.)
	British Government				
1	Low	5 years	9.91	9.95	9.56
2	Coupons	15 years	9.52	9.55	9.84
3		25 years	9.21	9.23	9.68
4	Medium	5 years	10.27	10.33	10.23
5	Coupons	15 years	9.77	9.80	10.09
6		25 years	9.48	9.50	9.90
7	High	5 years	10.43	10.47	10.31
8	Coupons	15 years	9.89	9.93	10.27
9		25 years	9.43	9.47	9.94
10	Irredeemables†		9.19	9.20	9.92
	Index-Linked				
11	Inflation rate 5%	5yrs.	3.41	3.46	3.45
12	Inflation rate 5%	Over 5 yrs.	3.90	3.91	4.09
13	Inflation rate 10%	5 yrs.	2.29	2.33	3.47
14	Inflation rate 10%	Over 5 yrs.	3.72	3.73	4.10
15	Debs &	5 years	11.72	11.65	11.40
16	Loans	15 years	11.39	11.35	11.39
17		25 years	11.14	11.12	11.39
18	Preference†		10.29	10.27	10.97

‡Opening index 1792.6; 10 am 1789.7; 11 am 1790.1; Noon 1793.0; 1 pm 1795.2; 2 pm 1794.8; 3 pm 1793.7; 3.30 pm 1792.3; 4 pm 1792.6
† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	102	3	7
Corporations, Dominion and Foreign Bonds	14	9	26
Industrials	351	343	908
Financial and Properties	120	115	428
Oils	17	32	57
Plantations	0	4	9
Mines	29	47	116
Others	70	72	139
Totals	703	625	1,690

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
Ir85p	F.P.	21/10	128	73	Barlo Group Ir10p	74		a050%	2.8	5.6	12.5
§145	F.P.	-	173	145	Christie Group 2p	166	+3	L3.5	3.1	2.8	15.2
100	F.P.	-	113	111	*Cupid 10p	111		b2.0	6.4	2.4	8.7
§40	F.P.	-	41	36	Exmoor Dual Inv.Tst.	38		1.2	-	4.1	-
§100	F.P.	-	101	97	Do.Income 100p	100		Nb.9	-	9.2	-
120	F.P.	-	151	123	National Telecom 5p	140		L2.0	4.1	1.9	13.7
§140	F.P.	27/7	161	135	Project Shop 5p	136	-2	L3.15	2.2	3.1	17.6
118	F.P.	14/10	123	117	Ritz Design Group 5p	117	-1	L2.0	4.3	2.3	11.6
140	F.P.	5/8	141	109	Rockfort Group 20p	111	-1	R3.9	3.3	4.7	7.2
§125	F.P.	19/8	133	118	Savills 5p	118		L3.0	2.5	3.3	13.4
§115	F.P.	14/10	128	115	Thompson Clive Invs. 50p	128	+2	-	-	-	-
-	F.P.	-	23	14	Waverley Mining Warrants	21		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
100	F.P.	-	100½	99½	A.C. Hldgs. 11pc Cv. Un. Ln. 1994/98	100¼	
100.4p	F.P.	-	101p	100¼p	Allda Hldgs 9¾pc Cm Rd Pf 2008/13	100¾p	+¼
♦	F.P.	-	96p	91p	Alexon Group 6.25p Cv. Rd. Pf. 10p	91p	
100p	F.P.	-	115p	110p	BLP Group 8p Cr Rd Pf 10p	113p	
101.09	F.P.	-	102½p	100¼p	Brent Chemicals Int. 9pc Cm Rd Pf	102½p	
100p	F.P.	-	106p	91p	Dares Estates 7.75pc Cnv Cm Rd Prf	96p	-2
♦	F.P.	-	104p	100p	Dewty Grp 7pc Cv. Cm. Rd. Pf.	104p	+1
§100p	F.P.	-	101p	99p	Exmoor Dual Inv.Tst.Zero Cr Prf	100¼p	
100p	F.P.	-	100p	95p	Kosick 7p (Net) Cv. Cm. Rd. Pf. 5p	96p	+1
§101.2	F.P.	9/9	101½p	99p	Lon & Edin Tst 8⅞pc 1st Cm Rd Pf 2013	100¼p	
§100.9	F.P.	-	100½p	98½p	McCarthy & Stone 8.75pc Rd. Pf. 2003	100¼p	
-	F.P.	-	100	98⅞	N'wide 11.3 pc 29.8.89	99⅞	+⅛
-	F.P.	-	100	99⅝	Do. 12¼pc 18.9.89	99⅞	+⅛
-	F.P.	-	100	99⅞	Do. 12⅛pc 2.10.89	99⅞	-⅛
100p	F.P.	29/9	120p	99p	Pleasurama 7.75pc Cv Cm Rd Pf	102p	
100p	Nil	1/11	2pm	1pm	Scantronic 7.25p Cv. Rd. Pf.	1½pm	+½
100p	F.P.	-	104p	98p	Tamaris 8½pc Cv. Rd. Pf. 2003	98p	-2
§100p	F.P.	-	96p	93p	York Trust Grp. Rd. Cm. Cv. Pf. 20p	93p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
Ir180	Nil	27/10	78pm	65pm	Allied Irish Banks	78pm	+5
155	Nil	26/9	37pm	13pm	Blagden Industries	33pm	-2
15	Nil	28/10	5½pm	4½pm	Charterhall 5p	4½pm	-¼
250	Nil	28/10	10pm	7pm	EBC Group 50p	7pm	
76	Nil	-	11pm	8pm	Elliott (B)	11pm	
145	Nil	10/10	19pm	13pm	Ellis & Everard	13pm	-2
10	Nil	5/10	14pm	6pm	BF & H Group 10p	11pm	+2
325	Nil	8/11	27pm	19pm	First Technology	20pm	
55	F.P.	28/10	59	54	Five Oaks Investments 5p	55	
20	Nil	4/11	8½pm	6pm	*Honorbilt Group 5p	6½pm	-1½
100	Nil	21/10	200pm	150pm	Jersey Inv. Co.	150pm	
75	Nil	26/10	4pm	2pm	Leisuretime Intl. 10p	2pm	
10	Nil	30/9	13pm	6pm	Lynx Tech. 5p	7pm	
Ir142½	Nil	-	20pm	18pm	Silvermines Ir2½p	30pm	
200	Nil	11/11	40pm	7½pm	Ultramar	34½pm	-1½
125	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

TRADITIONAL OPTIONS

- First Dealings Sep 26
- Last Dealings Oct 7
- Last Declarations Dec 22
- For settlement Jan 9

For rate indications see end of London Share Service

Stocks favoured for the call included Bula Resources, Capital and Regional Properties, Eagle Trust, FKI Babcock, Sandell Perkins, Sears, WA Holdings, Telemetrix, Ashley Industrial Trust and Invergordon. A put was arranged in MY Holdings, while Lonrho and Trusthouse Forte warrants were dealt in for the double.

LONDON TRADED OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied Lyons (*450)	390	60	73	83	1	6	8
	420	40	52	63	7	15	17
	460	16	30	40	21	32	33
Brit. Airways (*157)	140	18	21	25	½	2	4
	160	3½	8	12	6	9	12
	180	1	2	-	23	24	-
Brit. & Comm. (*219)	200	20	25	30	1	3	4
	220	5	12	16	6	11	13
	240	2	6	9	22	25	27
B.P. (*247)	240	10½	19½	23	3	6¼	11
	260	1½	9½	11½	13	15	21½
	280	--	4	6	33	33	-
Bass (*756)	700	65	78	88	3	12	15
	750	25	40	53	15	30	33
	800	5	20	30	47	62	62
Cable & Wire (*379)	330	53	67	75	2	6	8
	360	26	43	52	6	15	18
	390	8	22	33	17	26	30
Cons. Gold (*1265)	1200	105	160	190	35	65	80
	1300	60	105	135	85	110	125
	1400	27	67	93	155	170	190
Courtaulds (*284)	280	16	27	36	9	18	20
	300	6	16	24	20	26	28
	330	1½	7	13	47	49	50
Com. Union (*335)	300	38	50	56	3	7	14
	330	16	31	37	9	18	26
	360	4	18	22	29	33	45
G.E.C. (*153)	140	15	22	25	1¼	4½	6
	160	3	8	11	9	12	15
	180	1	3	5½	28	30	33
G.K.N. (*318)	300	23	33	40	3	8	15
	330	6	16	23	17	22	28
	360	1½	8	12	45	45	50
Grand Met. (*495)	460	43	60	65	4	10	16
	500	15	33	42	18	24	33
	550	3½	14	20	57	60	63
I.C.I. (*1006)	950	70	102	112	5	17	34
	1000	33	70	80	20	33	55
	1100	4	25	36	97	97	117
Jaguar (*239)	220	23	33	--	2½	7½	-
	240	7½	20	26	8	15	20
	260	3	11½	17	24	27	32
Land Securities (*549)	500	55	67	80	2½	7	14
	550	17	33	45	14	23	28
	600	3	14	25	53	55	57
Marks & Spencer (*163)	140	25	28	32	1	2½	4
	160	7	14	19	4	8	10
	180	1	5½	19	18	21	22
Rolls-Royce (*128)	120	9	15	18	2½	5½	8
	130	3½	9	12	7	10	14
	140	1½	5	8	16½	18	19
STC (*268)	240	33	40	44	2	4	14
	260	16	25	31	5	10	14
	280	6	17	20	17	20	23
Sainsbury (*199)	200	8	15	19	6	10	12
	220	1½	6	10	22	23	24
Shell Trans. (*972)	950	43	78	93	15	25	45
	1000	15	48	65	40	52	72
	1100	2	14	26	133	135	150
Storehouse (*186)	180	15	24	30	7	15	15
	200	7	13	21	17	24	26
	220	2	8	14	36	39	39
Trafalgar House (*307)	280	32	36	38	2½	8	10
	300	15	22	26	6	16	18
	330	2½	8	15	24	36	38
T.S.B. (*99)	90	12	15	16	1	2½	3
	100	3	6½	8½	3	4½	6½
	110	½	2½	4	11	11	12
Utd. Biscuits (*276)	260	23	29	36	2½	8	10
	280	9	17	24	10	17	20
Ultramar (*235)	216	29	43	50	7	15	22
	235	17	29	37	17	24	32
	255	11	20	20	32	40	45
Woolworth (*249)	220	35	43	50	2½	4	5
	240	20	28	35	6	8	11
	260	7	18	25	17	20	20

Option		Calls Nov	Calls Feb	Calls Apr	Puts Nov	Puts Feb	Puts Apr
Ladbroke (*436)	[illegible]	[illegible]	60	-	3	7	-
	[illegible]	[illegible]	40	46	12	17	19
	[illegible]	[illegible]	20	26	35	38	41

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit Aero (*474)	[illegible]	[illegible]	81	90	3	8	15
	[illegible]	[illegible]	51	61	15	18	28
	[illegible]	[illegible]	29	40	34	38	50
BAA (*255)	[illegible]	[illegible]	-	-	3	-	-
	[illegible]	[illegible]	-	-	7	-	-
	[illegible]	[illegible]	14	21	-	15	17
BAT Inds (*433)	[illegible]	[illegible]	67	72	2	5	10
	[illegible]	[illegible]	44	50	9	14	21
	[illegible]	[illegible]	24	30	32	33	42
Brit. Telecom (*235)	[illegible]	[illegible]	27	-	2½	6	--
	[illegible]	[illegible]	13	-	11	16	-
Cadbury Schweppes (*375)	[illegible]	[illegible]	50	59	15	22	30
	[illegible]	[illegible]	35	44	30	37	44
	[illegible]	[illegible]	23	31	52	57	60
Guinness (*514)	[illegible]	[illegible]	35	40	5	9	11
	[illegible]	[illegible]	18	24	20	22	26

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
LASMO (*561)	500	70	95	110	23	37	45
	550	40	65	78	43	57	64
	600	22	42	52	70	80	84
P. & O. (*560)	500	62	75	82	5	8	15
	550	22	40	50	20	25	35
	600	5	18	27	57	58	65
Pilkington (*202)	180	26	31	36	2	4	7
	200	13	18	24	6	11	15
	220	4	9	15	20	22	25
Plessey (*156)	140	20	23	29	2	6	7
	160	7	12	18	10	14	17
	180	2	6	9	26	27	29
Racal (*292)	280	27	40	46	9	16	21
	300	17	28	36	20	28	30
	330	6½	17	23	40	48	50
R.T.Z. (*438)	390	62	75	87	4	11	15
	420	37	57	67	16	21	27
	460	17	35	45	35	40	47
Vaal Reefs (*$61)	60	60	110	120	60	80	120
	70	24	50	70	130	150	180

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Amstrad (*203)	200	4	18	26	2	11	14
	220	½	10	17	18	23	25
Barclays (*396)	395	4	23	42	4	15	22
	429	½	6	22	35	38	42
Beecham (*461)	460	5	23	39	4	20	24
	500	½	9	22	40	46	49
BTR (*287)	280	8	21	30	1½	8	11½
	300	½	10	20	14	19	22
Blue Circle (*438)	420	20	37	53	3	12	15
	460	3	18	33	25	32	36
	500	1	6	18	64	66	68
Dixons (*154)	140	15	23	28	½	4	6
	160	1	11	17	8	13	17
	180	½	4	8	27	28	29
Glaxo (*1048)	950	100	117	145	1	18	30
	1000	50	78	112	2	30	43
	1100	2	28	60	57	85	93
Hawker Sidd. (*515)	460	54	68	85	1	4	7
	500	14	37	57	1	15	22
	550	1	18	28	38	43	53
Hillsdown (*262)	260	5	17	27	3	9	12
	280	1	8	15	19	22	23
	300	½	4	8	39	41	41
Hanson (*143)	130	13	17	17½	½	2	3¼
	140	3¼	8	11¼	1	5½	6¼
	160	½	1½	3¼	18	18½	19½
Lonrho (*346)	330	-	47	56	-	25	30
	360	-	29	38	-	38	47
Midland Bk (*421)	420	4	25	33	5	15	25
	460	1	7	15	43	43	55
Sears (*131)	120	11½	18½	25½	½	6½	9½
	130	2½	15½	20½	2	11½	15
	140	1	10	15	10	17	18
Tesco (*134)	130	6	12	18	1	6	9
	140	1	7	12	0	12	15
Trusthouse Forte (*261)	240	23	35	40	1½	9	16
	260	4½	23	29	4	17	26
	280	1½	15	20	21	29	38
Thorn EMI (*630)	600	30	55	69	3	15	23
	650	4	25	40	32	40	50
	700	1	12	22	77	80	85
Unilever (*459)	420	40	50	63	½	5	8¼
	460	4½	22	37	6	19	25
	500	½	8	18	43	45	49
Wellcome (*488)	460	29	48	65	1	2½	17
	500	3	24	41	15	30	34

Option		Calls Sep	Calls Dec	Calls Apr	Puts Sep	Puts Dec	Puts Apr
Boots (*210)	200	11	21	28	1	9	12
	220	1	9	17	11	20	22
	240	½	5	10	31	34	36

Option		Calls Oct	Calls Jan	Calls Mar	Puts Oct	Puts Jan	Puts Mar
British Gas (*167)	160	10	17	19	2½	5¼	7¼
	170	3½	-	-	7	-	-

Option		Calls Sep	Calls Nov	Calls Jan	Puts Sep	Puts Nov	Puts Jan
RHM (*384)	360	27	45	53	3	15	18
	390	6	28	38	11	27	32
	420	2	18	25	37	45	53

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Conv. 9½% 2005 (*100)	98	2⅛	3⅛	-	¼	½	-
	100	1⅛	1⅞	-	1⅛	1¼	-
	102	⅜	1	-	2⅛	2¼	-
Tr. 12% 1995 (*107)	106	1⅞	1⅛	--	⅛	¼	-
	108	⅜	⅛	-	1⅛	1⅛	-
	110	⅛	⅛	-	2¼	2⅛	-

Option		Calls Sep	Calls Oct	Calls Nov	Calls Dec	Puts Sep	Puts Oct	Puts Nov	Puts Dec
FT-SE Index (*1792)	1650	144	152	157	168	1	8	12	16
	1700	94	105	115	127	2	13	19	27
	1750	45	67	77	90	5½	23	33	42
	1800	9	33	46	60	20	44	53	62
	1850	1	12	25	38	65	80	83	90
	1900	½	4	13	20	115	120	123	120
	1950	½	1½	4	-	165	165	165	--
	2000	½	1	3	-	215	215	215	--

September 26 Total Contracts 25,963 Calls 19,321 Puts 6,642
FT-SE Index Calls 1323 Puts 1302
*Underlying security price.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday 26 September 1988. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
Afghanistan (Afghani)	99.25	59.5380	31.6334	44.2093
Albania (Lek)	10.07	6.0407	3.2095	4.4856
Algeria (Dinar)	10.63	6.3767	3.3880	4.7349
Andorra (Fr Fr)	10.6825	6.4082	3.4047	4.7583
(Sp Peseta)	208.10	124.8350	66.3266	92.6948
Angola (Kwanza)	50.6860	30.4055	16.1549	22.5772
Antigua (E Carr $)	4.49	2.6934	1.4310	2
Argentina (Austral)	19.9253	11.9527	6.3506	8.8754
Aruba (Florin)	2.97	1.7816	0.9466	1.3229
Australia (Aus $)	2.1350	1.2807	0.6804	0.9510
Austria (Schilling)	22.07	13.2393	7.0342	9.8307
Azores (Port Escudo)	259.25	155.5188	82.6294	115.4788
Bahamas (Bahama $)	1.6670	1	0.5313	0.7425
Bahrain (Dinar)	0.6285	0.3770	0.2003	0.2799
Balearic Is (Sp Peseta)	208.10	124.8350	66.3266	92.6948
Bangladesh (Taka)	52.00	31.1937	16.5737	23.1625
Barbados (Barb $)	3.3428	2.0052	1.0654	1.4889
Belgium (Belg Fr)	65.75c	39.4421	20.9561	29.2873
	66.50g	39.8920	21.1952	29.6213
Belize (B $)	3.3240	1.9940	1.0594	1.4806
Benin (CFA Fr)	534.13	320.4139	170.2406	237.9198
Bermuda (Bermudian $)	1.6670	1	0.5313	0.7425
Bhutan (Ngultrum)	24.20	14.5170	7.7131	10.7795
Bolivia (Boliviano)	4.19	2.5134	1.3354	1.8663
Botswana (Pula)	3.3300	1.9976	1.0613	1.4832
Brazil (Cruzado)	568.80	341.2117	181.2908	253.3630
British Virgin Is (US $)	1.6670	1	0.5313	0.7425
Brunei (Brunei $)	3.4028	2.0412	1.0845	1.5157
Bulgaria (Lev)	1.4461	0.8674	0.4609	0.6441
Burkino Faso (CFA Fr)	534.13	320.4139	170.2406	237.9198
Burma (Kyat)	11.2754	6.7638	3.5937	5.0224
Burundi (Burundi Fr)	263.2136	157.8965	83.8927	117.2443
Cameroon (CFA Fr)	534.13	320.4139	170.2406	237.9198
Canada (Canadian $)	2.0350	1.2207	0.6486	0.9064
Canary Is (Sp Peseta)	208.10	124.8350	66.3266	92.6948
Cp. Verde Is (CV Escudo)	127.9574	76.7590	40.7832	56.9966
Cayman Is (CI $)	1.3795	0.8275	0.4396	0.6144
Cent. Afr. Rep (CFA Fr)	534.13	320.4139	170.2406	237.9198
Chad (CFA Fr)	534.13	320.4139	170.2406	237.9198
Chile (Chilean Peso)	408.54	245.0749	130.2119	181.9777
China (Renminbi Yuan)	6.2494	3.7488	1.9918	2.7836
Colombia (Col Peso)	524.76	314.7930	167.2541	233.7461
Comoro Is (CFA Fr)	534.13	320.4139	170.2406	237.9198
Congo (Brazz) (CFA Fr)	534.13	320.4139	170.2406	237.9198
Costa Rica (Colon)	128.97	77.3665	41.1059	57.4476
Cuba (Cuban Peso)	1.2658	0.7593	0.4034	0.5638
Cyprus (Cyprus $)	0.8135	0.4880	0.2592	0.3623
Czechoslovakia (Koruna)	9.45c	5.6688	3.0119	4.2093
	16.451	9.8680	5.2430	7.3273
	15.84t	9.5020	5.0486	7.0556
Denmark (Danish Kroner)	12.0325	7.2180	3.8350	5.3596
Djibouti Rep (Djib Fr)	296.00	177.5644	94.3426	131.8485
Dominica (E Carrib $)	4.49	2.6934	1.4310	2
Dominican Rep (D Peso)	8.31	4.9850	2.6486	3.7015
Ecuador (Sucre)	648.91o	389.2681	206.8239	289.0467
	864.65a	518.6862	275.5856	385.1447
Egypt (Egyptian £)	3.8560	2.3131	1.2290	1.7175
El Salvador (Colon)	8.3300	4.9970	2.6549	3.7104
Equat'l Guinea (CFA Fr)	534.13	320.4139	170.2406	237.9198
Ethiopia (Ethiopian Birr)	3.4130	2.0473	1.0878	1.5202
Falkland Is (Falk £)	1.00	0.5998	0.3187	0.4454
Faroe Is (Danish Kroner)	12.0325	7.2180	3.8350	5.3596
Fiji Is (Fiji $)	2.4416	1.4646	0.7781	1.0875
Finland (Markka)	7.4195	4.4508	2.3647	3.3048
France (Fr)	10.6825	6.4082	3.4047	4.7583
Fr. Cty/Africa (CFA Fr)	534.13	320.4139	170.2406	237.9198
Fr. Guiana (Local Fr)	10.6825	6.4082	3.4047	4.7583
Fr. Pacific Is (CFP Fr)	192.00	115.1769	61.1952	85.5233
Gabon (CFA Fr)	534.13	320.4139	170.2406	237.9198
Gambia (Dalasi)	11.7670	7.0587	3.7504	5.2414
Germany East (Ostmark)	3.1375	1.8821	1	1.3975
Germany West (D Mark)	3.1375	1.8821	1	1.3975
Ghana (Cedi)	377.61	226.5206	120.3537	168.2004
Gibraltar (Gib £)	1.00	0.5998	0.3187	0.4454
Greece (Drachma)	253.75	152.2195	80.8764	113.0289
Greenland (Danish Krone)	12.0325	7.2180	3.8350	5.3596
Grenada (E Carr $)	4.49	2.6934	1.4310	2
Guadaloupe (Local Fr)	10.6825	6.4082	3.4047	4.7583
Guam (US $)	1.6670	1	0.5313	0.7425
Guatemala (Quetzal)	1.6670	1	0.5313	0.7425
	4.3890	2.6328	1.3988	1.9550
Guinea (Fr)	498.60	299.1001	158.9163	222.0935
Guinea-Bissau (Peso)	1080.30	648.0503	344.3187	481.2026
Guyana (Guyanese $)	14.6970	8.0164	4.6843	6.5465
Haiti (Gourde)	8.3100	4.9850	2.6486	3.7015
Honduras (Lempira)	3.3320	1.9988	1.0619	1.4841
Hong Kong (HK $)	13.0243	7.8130	4.1511	5.8014
Hungary (Forint)	90.4606	54.2655	28.8320	40.2942
Iceland (Icelandic Krona)	77.95	46.7606	24.8446	34.7216
India (Indian Rupee)	24.20	14.5170	7.7131	10.7795
Indonesia (Rupiah)	2846.99	1707.8524	907.4071	1268.1469
Iran (Rial)	119.20	71.5056	37.9920	53.0957
Iraq (Iraqi Dinar)	0.5198	0.3118	0.1656	0.2315
Irish Rep (Punt)	1.1695	0.7015	0.3727	0.5209
Israel (Shekel)	2.7360	1.6412	0.8720	1.2187
Italy (Lira)	2340.50	1404.0191	745.9760	1042.5389
Ivory Coast (CFA Fr)	534.13	320.4139	170.2406	237.9198
Jamaica (Jamaican $)	9.0300	5.4169	2.8780	4.0222
Japan (Yen)	224.50	134.6730	71.5537	100
Jordan (Jordanian Dinar)	0.6303	0.3781	0.2008	0.2807
Kampuchea (Riel)	166.20	99.7000	52.9721	74.0311
Kenya (Kenya Shilling)	30.70	18.4163	9.7848	13.6748
Kiribati (Australian $)	2.1350	1.2807	0.6804	0.9510
Korea North (Won)	1.6121	0.9670	0.5130	0.7180
Korea South (Won)	1202.48	721.3437	383.2605	535.6258
Kuwait (Kuwaiti Dinar)	0.4809	0.2884	0.1532	0.2142
Laos (New Kip)	581.7000	348.9502	185.4023	259.1091
Lebanon (Lebanese $)	670.27	402.0815	213.6318	298.5612
Lesotho (Maloti)	4.1525	2.4910	1.3235	1.8496
Liberia (Liberian $)	1.6670	1	0.5313	0.7425
Libya (Libyan Dinar)	0.4951	0.2970	0.1578	0.2205
Liechtenstein (Swiss Fr)	2.6575	1.5941	0.8470	1.1837
Luxembourg (Lux Fr)	65.75	39.4421	20.9561	29.2873
Macao (Pataca)	13.3730	8.0221	4.2623	5.9567
Madeira (Port Escudo)	259.25	155.5188	82.6294	115.4788
Malagasy Rep (MG Fr)	2117.00	1269.9460	674.7410	942.9844
Malawi (Kwacha)	4.4850	2.6904	1.4294	1.9977
Malaysia (Ringgit)	4.4593	2.6750	1.4212	1.9863
Maldive Is (Rufiya)	16.7862	10.0697	5.3501	7.4771
Mali Rep (CFA Fr)	534.13	320.4139	170.2406	237.9198
Malta (Maltese £)	0.5775	0.3464	0.1840	0.2572
Martinique (Local Fr)	10.6825	6.4082	3.4047	4.7583
Mauritania (Ouguiya)	123.45	74.0551	39.3466	54.9888
Mauritius (Maur Rupee)	23.54	14.1211	7.5027	10.4855
Mexico (Mexican Peso)	3807.03a	2283.7612	1213.3960	1695.7817
	3751.134	2250.2279	1195.5792	1670.8819
Miquelon (Local Fr)	10.6825	6.4082	3.4047	4.7583
Monaco (French Fr)	10.6825	6.4082	3.4047	4.7583
Mongolia (Tugrik)	5.5768	3.3454	1.7774	2.4840
Montserrat (E Carr $)	4.49	2.6934	1.4310	2
Morocco (Dirham)	14.07	8.4403	4.4845	6.2672
Mozambique (Metical)	971.56	582.8194	309.6605	432.7661
Namibia (S A Rand)	4.1525	2.4910	1.3235	1.8496
Nauru Is (Australian $)	2.1350	1.2807	0.6804	0.9510
Nepal (Nepalese Rupee)	37.06	22.2315	11.8119	16.5077
Netherlands (Guilder)	3.5375	2.1220	1.1274	1.5757
N'nd Antilles (A/Guilder)	2.97	1.7816	0.9466	1.3229
New Zealand (NZ $)	2.7115	1.6266	0.8642	1.2077
Nicaragua (Cordoba)	299.88	179.8920	95.5792	133.5768
Niger Rep (CFA Fr)	534.13	320.4139	170.2406	237.9198
Nigeria (Naira)	7.7849	4.6700	2.4812	3.4676
Norway (Nor. Krone)	11.5655	6.9380	3.6861	5.1514
Oman (Rial Omani)	0.6407	0.3843	0.2042	0.2853
Pakistan (Pak. Rupee)	30.20	18.1163	9.6254	13.4521
Panama (Balboa)	1.6670	1	0.5313	0.7425
Papua New Guinea (Kina)	1.4667	0.8798	0.4674	0.6533
Paraguay (Guarani)	533.17o	319.8080	169.9187	237.4699
	1596.86a	957.9244	508.9593	711.2962
Peru (Inti)	54.29u	32.5674	17.3035	24.1826
	733.04a	439.7360	233.6382	326.5211
Philippines (Peso)	34.50	20.6958	10.9960	15.3676
Pitcairn Is (£ Sterling)	1.00	0.5998	0.3187	0.4454
(NZ $)	2.7115	1.6266	0.8642	1.2077
Poland (Zloty)	[illegible]	[illegible]	[illegible]	[illegible]
Portugal (Escudo)	259.25	155.5188	82.6294	115.4788
Puerto Rico (US $)	1.6670	1	0.5313	0.7425
Qatar (Riyal)	6.0598	3.6351	1.9314	2.6992
Reunion Is. de la (F Fr)	10.6825	6.4082	3.4047	4.7583
Romania (Leu)	14.78	8.8662	4.7107	6.5833
Rwanda (Fr)	132.51	79.4901	42.2342	59.0244
St Christopher (E Carr $)	4.49	2.6934	1.4310	2
St Helena (£)	1.00	0.5998	0.3187	0.4454
St Lucia (E Carr $)	4.49	2.6934	1.4310	2
St Pierre (French Fr)	10.6825	6.4082	3.4047	4.7583
St Vincent (E Carr $)	4.49	2.6934	1.4310	2
San Marino (Italian Lira)	2340.50	1404.0191	745.9760	1042.5389
Sao Tome (Dobra)	128.96	77.3605	41.1027	57.4432
Saudi Arabia (Riyal)	6.2508	3.7499	1.9924	2.7845
Senegal (CFA Fr)	534.13	320.4139	170.2406	237.9198
Seychelles (Rupee)	9.25	5.5488	2.9482	4.1202
Sierra Leone (Leone)	54.76	32.8494	17.4533	24.3919
Singapore (S $)	3.4028	2.0412	1.0845	1.5157
Solomon Is (S $)	3.2544	1.9522	1.0372	1.4496
Somali Rep (Shilling)	377.27	226.3167	120.2454	168.0489
South Africa (Rand)	4.1525c	2.4910	1.3235	1.8496
	6.8049f	4.0820	2.1688	3.0310
Spain (Peseta)	208.10	124.8350	66.3266	92.6948
Spanish Ports in N Africa (Sp Peseta)	208.10	124.8350	66.3266	92.6948
Sri Lanka (Rupee)	54.50	32.6934	17.3705	24.2761
Sudan Rep (£)	7.4750	4.4841	2.3825	3.3296
Surinam (Guilder)	2.9667	1.7797	0.9455	1.3214
Swaziland (Lilangeni)	4.1525	2.4910	1.3235	1.8496
Sweden (Krona)	10.7775	6.4652	3.4350	4.8005
Switzerland (Fr)	2.6575	1.5941	0.8470	1.1837
Syria (£)	34.9020	20.9370	11.1238	15.5465
Taiwan (New $)	48.25	28.9442	15.3785	21.4922
Tanzania (Shilling)	160.10	96.0408	51.0279	71.3140
Thailand (Baht)	42.50	25.4949	13.5458	18.9309
Togo Rep (CFA Fr)	534.13	320.4139	170.2406	237.9198
Tonga Is (Pa'anga)	2.1350	1.2807	0.6804	0.9510
Trinidad/Tobago ($)	7.0875	4.2516	2.2589	3.1570
Tunisia (Dinar)	1.5176	0.9103	0.4837	0.6759
Turkey (Lira)	[illegible]	[illegible]	[illegible]	[illegible]
Turks & Caicos (US $)	1.6670	1	0.5313	0.7425
Tuvalu (Australian $)	2.1350	1.2807	0.6804	0.9510
Uganda (New Shilling)	249.95	149.9400	79.6653	111.3363
UAE (Dirham)	6.1195	3.6708	1.9504	2.7257
United Kingdom (£)	1.00	0.5998	0.3187	0.4454
United States (US $)	1.6670	1	0.5313	0.7425
Uruguay (Peso)	[illegible]	[illegible]	[illegible]	[illegible]
USSR (Rouble)	1.0561	0.6335	0.3366	0.4704
Vanuatu (Vatu)	178.00	106.7786	56.7330	79.2873
Vatican (Lira)	2340.50	1404.0191	745.9760	1042.5389
Venezuela (Bolivar)	24.0990c	14.4565	7.6809	10.7345
	[illegible]	7.4775	3.9729	5.5523
	61.64f	36.9766	19.6462	27.4565
Vietnam (Dong)	611.62	366.8986	194.9386	272.4365
Virgin Is-British (US $)	1.6670	1	0.5313	0.7425
Virgin Is-US (US $)	1.6670	1	0.5313	0.7425
Western Samoa (Tala)	3.5530	2.1313	1.1324	1.5826
Yemen (Rial)	16.25	9.7480	5.1792	7.2383
Yemen PDR (Dinar)	0.5701	0.3419	0.1817	0.2539
Yugoslavia (Dinar)	5416.06	3248.9862	1726.2342	2412.4988
Zaire Rep (Zaire)	342.38	205.3869	109.1250	152.5077
Zambia (Kwacha)	13.90	[illegible]	[illegible]	[illegible]
Zimbabwe ($)	3.3725	2.0231	1.0748	1.5021

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (f) Financial rate; (h) Exports; (l) Non commercial rate; (m) Business rate; (n) Buying rate; (p) Luxury goods; (m) Market rate; (o) Official rate; (q) preferential rate; (r) convertible rate; (s) parallel rate; (u) Selling rate; (t) Tourist rate. Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 01 634 4360/5. Monday 26 September 1988

INTERNATIONAL CAPITAL MARKETS

EIB draws on variety of currencies for new issues

By Dominique Jackson

THREE NEW issues in as many currencies from the European Investment Bank formed the highlight of the primary Eurobond market yesterday. The Euromark sector also saw four new offerings, taking the total of new paper issued in the sector in the last six trading days to almost DM2.5bn.

Syndicate teams shunned the Eurodollar market, too nervous to attempt an issue in the light of the dollar's volatility on the foreign exchanges on concerted central bank intervention.

Yesterday saw the official European launch of the EIB's anticipated 10-year Ecu100m issue, which was led by Nomura International and largely aimed at Japanese investors.

The issue was pitched at 8 per cent and 101⅞ and is also expected to excite some non-Japanese interest. However, the lead manager said it was still too early to gauge the respective strength of demand from Japan and elsewhere. It was quoted bid at a discount of 1⅞ against total fees of 2.

The EIB also tapped the Dutch market with a 10-year Fl 150m issue at 6¾ per cent and 101⅝. Amsterdam-Rotterdam Bank was the lead manager on the issue which was bid at 100.05.

The third EIB deal was targeted largely at Italian investors, a seven-year L150bn deal at 11¼ per cent and 101⅝ via Banco di Roma. It was linked to a swap into floating-rate lire and was bid at a discount equal to its total fees.

INTERNATIONAL BONDS

An EIB official said the simultaneous launch of the three issues was not exceptional and was in line with the bank's customary borrowing procedures. The issues were part of the EIB's ongoing funding plans and not destined for use on any specific projects.

Eurofima tapped the Euromark sector with a DM150m eight-year deal via Bayerische Vereinsbank which was linked to swaps into both Swiss and French francs. It was bid at less 1.70, just within total fees.

BHF-Bank led a DM100m five-year deal at 6 per cent and 101¼ for one of its own financing subsidiaries.

Dresdner Bank was the lead manager on a well-anticipated DM250m five-year issue for a unit of Gillette, a popular retail name. The terms on the non-swapped issue were considered generous and it was bid at a discount of 1.2, well within total 2 per cent fees.

The African Development Bank's DM200m 10-year issue via Deutsche Bank appeared to suffer from a glut of paper in the 10-year maturity sector.

These problems have been compounded by the fact that many of the more recent issues have been aggressively priced. While the terms on this issue were not considered unreasonable, it slipped to trade outside its fees.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Nippon Steel Chemical♦	100	(5)	100	1992	2¼/1½	Yamaichi Int.(Eur)
Mitsubishi Mining & Cem.♦	100	(5)	100	1992	2¼/1½	Nomura Int.
NEW ZEALAND DOLLARS						
C'wealth Bk of Australia♦	60	13½	101¾	1993	2/1¼	Hambros Bank
D-MARKS						
African Dev. Bank♦	200	6¼	99¾	1998	2/1¼	Deutsche Bank
Gillette Finance♦	250	6⅛	99⅞	1993	2/1¼	Dresdner Bank
Eurofima♦	150	6⅛	100¼	1996	1⅞/1¼	Bayerische Vereinsbk
BHF-Bank Finance♦	100	6	101¼	1993	n/a	BHF-Bank
ECUs						
EIB♦	100	8	101⅞	1998	2/1¼	Nomura Intl.
SWISS FRANCS						
Chinon Industries‡**	70	(½)	100	1993	n/a	Bank Leu
LIRE						
EIB♦	150bn	11¼	101⅝	1995	1⅞/1¼	Banco di Roma
GUILDERS						
EIB♦	150	6¾	101⅝	1998	2/1¼	Amro Bank

*Not yet priced. **Private placement. ‡Convertible. +With equity warrants. ♦Final terms.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on September 26

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	†94	94½	+0¼	+0¼	9.53
All Nippon Air 9⅛ 97	100	†95	95½	0	-0¼	10.21
Amer. Brands 8⅞ 92	150	†97⅞	98⅜	0	-0⅛	9.50
A/S Eksportfinans 7⅝ 93	100	†93¾	94¼	0	-0⅛	9.11
A/S Eksportfinans 7¼ 92	150	94⅛	94⅝	+0⅛	-0⅛	9.31
Barc. Bk. Fin. 10¼ 89	200	†100½	101	0	-0⅛	9.49
B.F.C.E. 7 92	160	93⅛	93⅝	+0⅛	-0⅛	9.22
British Telecom 7⅝ 96	250	90⅛	90⅝	+0⅛	0	9.39
Cal.Natl.Telecom 8½ 93	160	†98¼	98¾	0	-0⅛	8.90
Canada 9 96	1000	99	99½	+0⅛	-0⅛	9.12
Canadian Pac 10⅛ 93	100	†102½	103½	0	0	9.90
C.C.C.E 7⅛ 91	113	†93¾	94¼	0	-0⅛	9.45
C.C.C.E 9⅛ 95	300	99⅛	99⅝	+0⅛	-0⅛	9.36
C.N.C.A 7¼ 91	150	94½	95	+0⅛	+0⅛	9.18
Credit Lyonnais 9 91	200	100⅛	100⅝	0	-0⅛	8.66
Credit National 8¼ 93	200	96⅛	96⅝	0	-0⅛	9.23
Credit National 7⅞ 92	100	94¾	95⅛	+0⅛	+0½	9.05
Credit National 7⅞ 91	150	95⅛	95½	0	-0⅛	8.99
Denmark 7⅛ 92	500	†95¼	95¾	0	-0⅛	8.67
E.E.C. 7 91	100	94½	95	+0¼	-0⅛	8.95
E.E.C. 7¼ 93	250	92⅞	93⅜	+0⅛	-0⅛	9.18
E.E.C. 8 90	350	98⅛	98½	0	-0⅛	9.05
E.I.B. 7⅞ 93	100	93⅝	94⅛	0	-0⅛	9.14
E.I.B. 9⅛ 97	150	99⅝	100⅛	+0⅛	0	9.37
Elec.De France 9 98	200	96⅝	97⅛	0	0	9.50
Finland 7⅞ 97	200	90¼	90¾	+0⅛	+0⅛	9.56
Finland 7⅞ 93	200	93¼	93¾	+0⅛	-0⅛	9.19
Finn.Exp.Cd. 8½ 92	200	97⅞	98⅛	+0⅛	-1⅛	9.21
Ford Motor Credit 8 91	250	97⅞	98¼	+0⅛	-0¼	8.89
Gen Elec Credit 10¼ 00	200	100⅜	100⅞	+0⅜	-0⅛	10.16
G.M.A.C. 8 89	250	†100⅛	101⅛	0	+0⅜	0.07
Gen.Mtrs.Corp. 9⅛ 92	200	99⅝	100	+0⅛	0	9.19
Halifax BS 9⅞ 93	200	†99⅞	100⅛	+0⅛	-0⅛	9.51
Hoesch 8¼ 97	100	†94½	95	0	-0⅛	9.15
Italy 9 90	1000	†101⅝	101⅞	0	+0⅛	8.09
L.T.C.B of Japan 8 91	100	97½	98	-0⅛	-0⅛	8.91
L.T.C.B. of Japan 8 97	200	90	90⅛	+0⅛	-0⅛	9.78
Mercdo-Benz Cd. 8½ 95	100	†96⅛	96⅝	0	-0⅛	9.23
Metropolis Tokyo 9½ 93	200	101⅛	101⅝	0	-0⅛	9.07
Morgan Guaranty Tst. 7 90	150	†98½	99	0	-0⅛	7.89
Norway 8⅜ 93	500	98⅝	99⅛	+0½	-0⅛	9.04
Pepsico Inc 7⅞ 93	200	†93¼	93¾	+0¼	0	9.14
Portugal 8¼ 91	300	†98¾	99¼	0	-0⅛	8.67
Prudential Crp. 8⅜ 94	125	98	98½	+0⅛	+0¼	9.14
Qantas Airways 10⅜ 95	140	103⅞	104⅜	+0¼	-0⅛	9.53
Saskatchewan 10⅝ 92	100	103⅞	104⅜	+0⅝	-0⅛	9.25
State Bk S Aust 9¼ 93	100	99⅛	99½	+0⅛	-0⅛	9.44
Swed Exp Cred 7¾ 91	100	†94½	94⅞	+0⅛	-0⅛	9.23
Swed Exp Cred 10 92	100	†102½	103	0	-0⅛	9.06
Sweden 7 91	250	94⅞	95⅜	0	-0⅛	8.90
Sweden 7 92	250	†93¾	94⅛	0	-0⅛	9.16
Sweden 8¾ 96	200	96¼	96¾	+0⅛	-0⅛	9.40
Sweden 8½ 92	200	†98¾	99¼	+0¼	+0⅛	8.80
Victorian Rep 11⅛ 92	150	106⅞	107⅜	+0¼	+0¼	9.25
World Bank 7 92	300	†94	94½	+0⅛	-0⅛	9.05
World Bank 9 97	300	97⅞	98⅜	+0⅛	0	9.33
Yasuda Trust Fin 8½ 93	100	96⅝	97	+0⅛	0	9.36

Average price change... On day +0⅛ on week -0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	101⅛	101⅝	+0⅛	0	5.73
Avis Fin.SVS 5⅞ 92	100	100	100½	0	0	5.78
Bank of Tokyo 5¾ 93	100	99¾	100⅛	0	0	5.74
Central BK. Turkey 7 92	200	102½	103	0	0	6.21
Commerzbank o/s. 5½ 93	300	99⅝	99⅞	+0¼	+0⅜	5.50
Degussa Int. 6⅛ 97	200	98⅞	99⅛	0	+0⅛	6.27
E.I.B 5⅞ 98	150	96⅛	96⅝	-0⅛	-0⅛	6.00
E.I.B 6 97	300	99⅝	100	-0⅛	-0⅛	6.03
E.I.B. 6⅛ 96	300	100⅞	101⅛	0	-0½	5.93
E.I.B. 6⅛ 97	400	100⅛	100⅜	0	0	6.04
E.I.B. 6⅞ 95	300	105⅛	105½	+0⅛	+0⅛	5.95
Euro.Coal & Steel 5⅞ 97	175	98⅞	99⅛	-0⅛	-0⅛	6.04
Eurofima 6¼ 96	100	101¾	102¼	0	+0⅛	5.91
Elec De France 5⅞ 97	300	97⅜	97⅞	-0⅛	+0½	6.10
Forsmark Krtg. 5⅛ 93	200	97½	98	-0⅛	-0⅛	5.71
I.A.D.B. 6 97	200	99⅛	99½	0	+0⅛	6.11
Japan Dev. Bk. 5⅜ 95	300	†97	97½	-0⅛	-0⅛	5.88
Japan Finance 5⅞ 97	100	96⅝	97	-0⅛	+0⅛	6.25
Ireland 6½ 97	300	99¼	100¼	0	0	6.49
Korea Dev BK 6⅝ 93	100	101½	102	+0⅜	+1⅛	6.17
Malaysia 6¼ 94	150	99½	100	0	0	6.30
Nat. West BK. PLC 6 98	300	†96⅞	97⅛	-0⅛	+0⅛	6.42
Nippon Telg.&Tel. 6 95	400	†100¼	101	+0¼	+0⅛	6.03
Oesters. Kontbk. 5 93	300	97⅜	98⅛	0	0	5.56
Portugal 5⅜ 92	150	100	100½	+0⅛	+0½	5.67
Portugal 6⅝ 95	150	101⅞	102⅛	0	+0⅛	6.25
Privatbanken 5⅛ 93	150	96⅞	97½	+0⅛	+0⅛	5.97
Royal Insurance 5½ 92	300	99⅞	100⅜	+0¼	-0¼	5.45
Soc Cent Nuclear 7¼ 95	150	103½	104	0	0	6.54
Turkey 6½ 95	500	†98	98½	0	0	6.83
Westlb. Finance 5 93	200	*97⅝	97⅞	0	0	5.61
World BK. 6¾ 97	600	101⅛	101⅝	-0⅛	-0¼	5.98

Average price change... On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†101½	101⅞	-0⅛	0	4.74
Asfinag 5 03	100	†100¾	101¼	0	-0½	4.90
B.F.C.E. 4½ 98	200	†97⅞	98	0	+0⅛	4.77
B.M.W.Fin.Neth. 5 13	150	†95¼	95½	+0¼	+0⅜	5.34
Britannia B/S. 4⅛ 94	100	†97½	97⅞	0	0	4.73
CIR. Int. W/W 3 93	125	†100	100¼	-0⅞	-0⅛	2.99
Credit Lyonnais 4⅞ 00	100	†97¼	98	+0½	0	4.99
E.I.O 4⅝ 98	150	†99	99⅜	-0⅛	-0½	4.70
Fletcher Chall. 4⅞ 98	150	†96½	97	+0¼	0	5.31
Kobe City 4⅝ 98	150	†98⅛	99	-0⅛	-0⅛	4.79
Leeds Perm. B/S. 4¼ 93	200	†98¾	99	-0⅛	+0⅛	4.40
Malaysia 5⅝ 98	100	†98⅛	99	+0¼	0	5.40
Maxwell Comm.Crp. 5 95	150	†102½	103	+0⅛	+0⅛	4.51
Nationwide Ang.B/S. 4 93	200	†96⅜	97¼	0	0	4.72
Nippon Telg.&Tel. 4¾ 95	200	†99¼	99½	+0⅛	-0⅛	4.36
Oesters. Ktbk. 5 83	75	†99½	100	+0⅛	0	5.02
Rep.National Bk. 4 93	150	†96	97	-0⅛	-0⅛	4.40
Thailand 4⅝ 95	200	†95¼	96	+0¼	+0⅛	5.41
World Bank 5 03	150	†99¼	99½	+0⅛	+0⅛	5.06

Average price change... On day +0 on week +0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅜ 92	55	101⅛	101½	0	+0⅛	5.00
Belgium 4⅞ 94	45	96½	96⅞	0	0	5.30
Canada 4⅜ 92	80	97⅞	98⅛	-0⅛	0	4.97
Elec. De France 5⅛ 94	20	99⅛	99⅞	0	0	5.22
Ireland 5⅛ 93	30	99⅛	99⅝	0	+0⅛	5.27
Norway 5⅛ 95	50	98¾	99	0	0	5.33
Rep. of Italy 5¾ 92	150	102⅞	102⅝	0	+0⅛	4.92
Sweden 4⅝ 93	50	97⅞	98⅛	+0⅛	0	5.11
World Bank 5⅛ 92	50	102	102⅛	0	0	4.90

Average price change... On day 0 on week +0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. BS. 10¼ 93 £	50	98⅛	98⅝	+0¼	+0⅛	10.66
Alg. Bk. Ned. 5½ 92 FL	150	97¾	98⅛	0	+0¼	6.16
Amro Bank 6¼ 92 FL	150	100¼	100⅞	+0¼	-0⅛	6.10
Aust. Ind. Dev. 12⅞ 93 A$	100	†97⅞	98	+0⅛	-0⅞	13.54
Barc. Bk. 10⅞ 97 £	250	95¼	95¾	+0⅛	+0⅛	11.04
BP Capital 9⅞ 93 £	100	96⅛	96⅝	+0¼	+0⅛	10.76
British Airways 10 98 £	100	93⅛	93⅞	+0⅛	+0¼	11.10
C.I.B.C. Mort. 10¼ 93 C$	100	†98⅛	99¼	0	-0¼	11.01
Comm. Bk. Aust. 12⅛ 93 A$	100	96⅝	97¼	+0¼	-0¼	13.44
Coop. Ctr. Rabo. 6¼ 93 FL	100	100¼	100⅝	0	-0⅛	6.10
Coop. Ctr. Rabo. 6 92 FL	200	99⅝	100¼	+0¼	-0¼	5.99
Denmark 7⅛ 92 ECU	100	101	101½	0	+0¼	7.29
Dixons 11 95 £	90	†98	98½	+0⅛	+0⅞	11.51
Deutsche Bank 9⅛ 97 £	75	†93½	94	0	+0⅜	11.02
Dent. Bk. Aust. 12¾ 95 A$	70	98⅞	99¼	-0½	-0¼	12.94
Eastman Kodak 13 90 A$	100	99	99⅜	0	-0¼	13.51
E.I.B 8⅜ 93 LF	10	100⅜	101⅛	0	0	8.25
Elec. France 10¼ 95 C$	125	†98⅜	99¼	0	0	10.44
Euratom 7⅛ 97 ECU	145	96⅛	97¼	0	+0⅛	7.86
Eurofima 7½ 92 FL	50	†104⅛	105¼	-0¼	0	5.94
Fed. Bus. Dv. Bk. 9⅞ 92 C$	75	†97⅜	98¼	0	-0⅜	10.39
Ford Cr. Can. 10⅜ 93 C$	100	†100½	100⅝	0	-0⅛	10.60
Gillette Can. 9⅞ 93 £	70	92⅛	92⅜	+0⅛	+0⅛	11.70
G.M.A.C. 9⅞ 93 C$	150	†97	97⅜	0	+0½	10.50
G.M.A.C. 9⅞ 92 C$	75	†94⅜	95¼	+0¼	+0¼	11.04
G.M.A.C Aus. Fin. 14 90 A$	50	99⅞	100⅛	0	-0⅛	13.91
Halifax BS 10⅛ 97 £	100	95⅛	96¼	+0½	+0¼	11.10
Imp Chem Inds 10 03 £	100	94⅜	95⅛	+0⅛	+1¼	10.66
Inv. Industry Int. 10 93 £	60	96⅝	97	+0¼	+0⅜	10.95
Lloyds Bank 10⅝ 98 £	150	93⅝	94⅛	-0⅛	+0½	11.31
Montreal Tst. 10⅛ 93 C$	100	†99⅛	99⅞	0	+0⅛	10.83
Mtge.Bk.Den. 6⅜ 91 FL	100	100½	101	+0⅛	+0⅛	6.38
Nat. West. Bk. 13⅛ 92 A$	50	†97⅝	98⅛	-0¼	-0⅜	13.79
Nationwide BS 10⅛ 93 £	75	97	97⅜	+0¼	+1	10.93
Ned.Midd. Bank 6 92 FL	150	99⅛	100	+0⅛	+0⅛	6.11
New Zealand 9½ 93 £	100	94⅝	95⅛	0	+0½	10.94
New Zealand 7⅛ 93 ECU	200	100	100⅜	0	+0⅛	7.66
Oesters.Ktbk. 13⅝ 94 A$	75	101	101½	-0⅛	-0½	13.29
Prudential Fin. 9⅛ 07 £	150	89⅛	89½	+0⅛	+1⅜	10.72
Royal Bk.Scot. 10⅝ 98 £	125	95¼	96⅝	+0¼	+1¼	11.36
Saskatchewan 9⅞ 91 C$	150	†98⅛	99	0	-0⅛	10.43
S.O.R. 7⅛ 95 ECU	90	†99¼	99⅞	0	-0⅛	7.04
Wstd.Lb.Fin. 12½ 93 A$	50	†99	99½	-0¼	-0⅜	12.67
World Bank 5⅜ 92 FL	100	99⅛	100	+0⅜	+0⅛	5.86
World Bank 13⅞ 92 A$	100	†99⅞	100⅛	-0⅜	-0⅛	13.29

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.39	99.44	21/01	10.99
Belgium 91 US$	0	100.45	100.55	21/02	9
Britannia 5 93 £	0⅛	99.71	99.76	10/10	10.37
Chase Manhattan Crp. 91 US$	0⅛	99.55	99.67	22/02	8.94
Citicorp 98 US$	†0¼	97.55	97.80	30/11	8.94
EEC 3 92 DM	†0	100.92	101.02	22/02	5.63
Halifax BS 94 £	.1	99.63	99.68	9/11	11.16
Invt. In Industry 94 £	0	99.92	100.02	24/02	11.87
Leeds Perm. B/S. 94 £	0⅛	99.92	99.97	13/01	10.44
Midland Bank 01 £	.1	95.00	96.00	11/02	11.41
Milk Mkt.Brd. 5 93 £	0⅛	99.83	99.87	30/09	10
New Zealand 5 97 £	.07	99.71	99.81	18/11	11.62
New Zealand 5 01 US$	0	99.92	100.02	4/02	8.62
State Bk. Nsw. 98 US$	.188	100.45	100.55	13/02	8.87
Woolwich Equit. BS. 93 £	0⅛	99.68	99.73	13/10	10.44
Woolwich 5 95 £	0⅛	99.50	99.55	21/11	11.62

Average price change... On day +0.02 on week -0.21

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US$	8/87	62.	102	103	+0½	24.61
Alco Health 6¾ 01 US$	†7/86	26.25	102	104	+1	6.53
Amer. Brands 7⅜ 02 US$	9/87	56.7	101	102	0	12.29
Ashikaga Bank 2⅛ 02 US$	4/87	967.	124½	126¾	+0½	0.04
Asics 5 92 DM	12/83	472.7	194	198	0	12.80
CBS. Inc. 5 02 US$	4/87	200.	92¾	93¾	+0¼	9.44
Fujitsu 3 99 US$	5/84	1106.	261	262	+5⅛	1.48
Kinki-Sogo Bk. 2⅞ 03 US$	4/88	1069.	125½	127¼	-0¼	1.58
Land Secs. 6¾ 02 £	6/87	6.72	92	93	+0⅛	12.25
MCA Inc 5½ 02 US$	9/87	69.62	80¾	81¾	-0⅛	27.25
Minolta Camera 2¼ 94 DM	2/86	1004.	98⅜	99⅜	+0¼	16.99
Mitsubishi Bk. 1⅞ 02 US$	9/87	3157.	103⅛	105¼	-1⅛	2.93
Mitsui trust 2⅞ 01 US$	10/86	1903.	116¼	117¼	-0⅞	1.51
Next Plc 5¾ 03 £	11/87	4.3	98⅛	99⅛	-0⅛	113.39
Nichi Nipp.Bk. 2⅞ 03 US$	4/88	804.	105	106½	-0⅛	2.56
Omron Tateisi 2⅞ 02 US$	4/87	1310.	199⅞	200⅞	-0⅛	-0.35
Primerica 5½ 02 US$	4/87	66.75	66⅛	67½	0	54.22
Ranks Hovis 4¾ 03 £	1/88	3.5	111⅛	112⅛	-0⅛	0.18
Redland 7¼ 02 £	1/87	5.4	87⅛	88⅛	0	16.52
Saatchi&Saatchi 6¾ 03 £	†10/89	4.41	95⅛	96⅛	-0⅛	24.84
Texas Inst. 2⅞ 02 US$	9/87	82.87	73⅞	74⅞	-0⅛	46.51
W.R. Grace 6¾ 02 US$	9/87	42.12	79⅛	80⅛	-0⅛	31.54

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Kredietbank N.V.; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Bank Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring & Pierson; Credit Suisse First Boston; Bank of Tokyo International; Chase Manhattan; Citicorp International Bank; Daiwa Europe NV; Credit Commercial de France (Securities); LTCB International; Robert Fleming & Co; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Nomura International; Samuel Montagu & Co.; Societe Generale Strauss Turnbull; Swiss Bank Corporation International; S.G. Warburg and Co.; Wood Gundy.

INTERNATIONAL COMPANIES AND FINANCE

Toys R Us continues rapid UK expansion

By Maggie Urry in London

TOYS "R" US, the US toys and children's goods retailer which is expanding rapidly in Britain, is opening a further five superstores in the UK over the next week.

The expansion will bring the companies total of stores in the UK to 18. Worldwide, Toys "R" Us has 400 shops and sales of more than $3.1bn.

Mr David Rurka, managing director of the UK business, said his target was to have 40 to 50 superstores in the UK, each of 45,000 sq ft of selling area.

It costs an average of £6m ($10m) to open and stock each store. Each one carries more than 30,000 different products with more than 1m items in stock, including 25,000 dolls, 12,000 soft toys and 1,000 bicycles.

Toys "R" Us opened its first UK store in 1985. The company does not publish sales or profit figures but a recent estimate by Corporate Intelligence Group, a retail research business, suggested Toys "R" Us has 6 per cent of the UK toy market and forecast it would reach 20 per cent in five years.

Bankruptcies in Britain jump 15% in first half

By Richard Donkin in London

BANKRUPTCIES in England and Wales are increasing, reversing a downward trend, according to figures released by Dun and Bradstreet International, the business information company.

The company said it would be closely monitoring the second-half figures in the light of *increased interest rates which* may bite hard in the small business sector which is particularly affected by bankruptcies.

Bankruptcies among individuals, firms and partnerships rose by 15.4 per cent to 3,937 in the first six months of this year

However, the number of liquidations fell by 13.5 per cent, from 5,774 to 4,997, in the same period and business failures overall fell by 2.7 per cent, from 9,185 to 8,934.

Mr Keith Williams, managing director of Dun and Bradstreet, said the failures had to be viewed in the context of the 1.5m businesses in the UK and an increase in new businesses of more than 128,000 last year.

The bankruptcy total reverses a declining number in the past two years. Previous reports recorded 6,991 in 1986 and 6,761 last year. The number of liquidations fell by an even greater degree in the same period, from 13,689 in 1986 to 10,644 in 1987.

London and the south-east was the worst hit region, with more than half the liquidations in England and Wales in a total of 3,653 business failures for the first half of this year.

Chevalier named as LVMH chairman

By Paul Betts in Paris

MR ALAIN Chevalier was yesterday elected chairman for four years of the new executive board of Moet Hennessy-Louis Vuitton (LVMH), the leading French champagne, cognac and luxury products group shaken in recent months by internal management divisions and the arrival of major new shareholders.

The appointment of Mr Chevalier, who has run Moet-Hennessy for the past 17 years and had been named chairman of LVMH after the merger last year of the champagne and cognac concern with the Louis Vuitton luggage gronp, had been widely expected.

Mr Bernard Arnault, the head of the Financiere Agache group, who has built up in partnership with Guinness a key stake of 37 per cent after full dilution in LVMH, was also appointed deputy chairman of the new executive board along with Mr Henry Racamier, the head of the Louis Vuitton clan.

The other three members of the executive board elected yesterday by LVMH's new supervisory board are Mr Jean-Louis Masurel, Mr Jean Ogliastro, and Mr Robert Leon.

The supervisory board also elected as its chairman Mr Jean Arnault, the father of the group's leading new shareholder. Mr Alain de Pracomtal, who heads the Hennessy cognac business, was named deputy chairman.

The nominations bring to a close a particularly stormy period in the leading French luxury goods group.

UK COMPANY NEWS

Largest division hit by crash and weak dollar

MAI declines by 6% to £49.3m

By Fiona Thompson

THE CRASH and the weak dollar forced MAI, financial services and poster advertising group, to report a 6 per cent fall in pre-tax profits for the year to June 30. The fall, from £52.59m to £49.29m, was despite an increase in turnover from £296.71m to £302.45m.

Three of the company's four sections were well ahead, but the largest, money and securities hroking, saw profits slip from £37.94m to £30.43m on sales down to £174.06m (£181.8m). Last October's stock market crash, and consequent decline in turnover, was responsible for half of the £7m profits drop, said Mr Clive Hollick, group managing director. The strength of sterling against the dollar accounted for the rest.

"Ours is a business that is particularly sensitive to volumes and exchange rates. The markets worst hit were Eurohonds and US corporate bonds."

Regarding the present position, Mr Hollick said activity in securities and money broking had improved since May, at least as far as the foreign exchange and money markets were concerned. "But the Eurobond and corporate bond markets remain dull and flat."

Earnings per share slipped from 11.1p to 10p and a final dividend of 3.05p was recommended, making a total of 4.25p (4p) for the year.

Of MAI's other divisions, profits of retail financial services rose from £5.81m to £7.03m on sales of £51.42m (£42.75m). Wagon, the instalment credit company, did particularly well and is broadening its range to include sales aid leasing, contract hire and direct personal lending.

Media profits rose 35 per cent to £9.31m (£6.91m) on sales up to £69.67m (£65.59m). Demand for outdoor advertising rose strongly at the same time as the benefits of tha £36m London and Continental acquisition came through.

Clive Hollick: improvement in securities and money broking

After MAI purchased London and Continental, the second largest UK poster company after MAI, the Monopolies and Mergers Commission ruled that MAI would have to dispose of 2,000 roadside poster sites hy November 25. Mr Hollick said yesterday that 700 of the sites had gone and the balance would go shortly.

The final division, market research, reported profits of £1.66m (£1.42m) on sales ahead to £7.29m (£6.56m), as it captured more customers for both its information and its delivery system.

The UK made the largest contrihution to group profits and sales at £22.68m and £161.93m respectively. North America followed with £18.02m and £106.59m, Europe and the Middle East £3.94m and £18.29m, and the Pacific £3.8m and £15.64m.

Interest receivable rose from £509,000 to £853,000. Tax took £17.41m (£18.94m). An extraordinary credit of £3.03m was the surplus on selling interests in subsidiaries less closure costs.

● In a separate move yesterday, American International Group (AIG) announced that it now held a 6.2 per cent stake in MAI, which it viewed as a long-term investment

. See Lex

Edelman ups Lonrho holding to 4.75%

By David Waller

MR ASHER EDELMAN, New York-based corporate raider, has 4.75 per cent of Lonrho. The news emerged yesterday as the High Court lifted a freeze order on the 3.79 per cent stake previously identified as belonging to Mr Edelman.

In a separate development, House of Fraser, the Harrods group owned by the Al Fayed brothers, wrote to the Stock Exchange urging that Lonrho's statements over recent days be investigated and its shares suspended pending the outcome of the investigation.

This follows a formal complaint made to the Stock Exchange in June 1987 concerning the accuracy and reliability of Lonrho's published accounts. An inquiry was held and conclnded that nothing was amiss.

Mr Paul Spicer, the Lonrho director who stirred up controversy last week when he let it be known that the company had not ruled out either asset sales or a management buy-out, was not availabla to comment.

Earlier, Mr Spicer refused to comment on reports that Mr Tiny Rowland is this week set to meet Mr Michael Price, President of Mntual Shares Corporation.

Speaking from New Jersey, Mr Price refused to comment on the report that he is to meet Mr Rowland on Wednesday. However, he did say that he was supportive of Lonrho's management and added that "togethar with Mr Rowland, we have quite a lot of stock. Maybe we could work something out".

Lonrho, which has been stalked hy the US arbitrageur since the beginning of August, said that it had been informed that Mr Edelman held 21.3m shares as at September 25. These are held by no less than 26 nominee shareholders, including Mrs Edelman and a host of companies controlled hy Mr Edelman himself.

LMS 'now unlikely' to support Carless bid for Ryan

By Clay Harris

LONDON MERCHANT Securities, the largest shareholder in Carless, said yesterday it had changed its mind and was now unlikely to support the independent oil company's proposed £89m takeover of Ryan International, coal mining and recovery group.

Mr Robert Spiers, LMS financial director and one of ths investment company's two representatives on the Carless board, refused to elaborate on the company's statement that the likelihood of LMS's support for the merger was "remote."

Howavar, the move was interpreted in the market, and by Carless and Ryan, as a last-ditch effort to flush out a hostils biddsr for Carless to enable LMS to sell its investment for cash.

Carless shares rose 5p to 100p, valuing the 27.2 per cent stake held by LMS and a subsidiary at £48.4m. Ryan shares closed 5p lower at 135p.

Carless said it was surprised by and regretted the change of heart. Ryan had reaffirmed its unqualified snpport for the merger, and Mr Ian Clubb, Carless chief executive, said: "The more we explore this acquisition, the better it looks."

"If we're in play, we have been so for the last few months, and nothing has emerged," he added. If a hostile bid did come, Carless was prepared to fight it, he said.

In the midst of all-day talks at Carless yesterday, Mr Crispian Hotson, Ryan chief executive, echoed: "It doesn't alter the commercial reality of the deal one per cent."

When the recommended all-share merger was announced on September 7, LMS indicated its intention to snpport the offer. Mr Clnbb said that neither Mr Spiers nor Robert Rayne, son of LMS chairman Lord Rayne and its other nominated director on the Carless board, had previously indicated any doubts about the Ryan deal.

LMS made clear that its reservations were limited to the offer for Ryan. "In other matters, the management of Carless retains LMS's confidence," it said.

Carless suggested, however, that LMS might be concerned about the dilution of its shareholding below 20 per cent, which would mean that it would lose one seat on the board.

LMS has built its stake over the years by selling Carless, in succession, its US oil and gas assets and its holdings in Winterbottom Energy Trust and Century Power & Light.

The merger can win the approval of Carless shareholders without LMS's support, since none of the resolutions requires more than a simple majority in favour. Mr Clnbh said institutional response to the offer had been "generally rather favourable."

Carless yesterday also posted its official offer document to Ryan shareholders.

See Lex

Steetley advances to £36.4m

By Andrew Hill

STEETLEY, the UK construction materials group which spent ahout £41m on acquisitions in France and Spain in the six months to June 30, increased pre-tax profits for the period hy 48 per cent from £24.7m to £36.4m.

Since then the company has spent about £27m in Spain and the US, and expects to spend more than £100m on acquisitions and capital expenditure in the whole of 1988.

Group turnover in the first-half rose 8 per cent to £249m (£231m), following the sale of high-turnover, low-margin electrical distribution and chemicals trading operations in Canada and the UK.

Core husinesses, excluding disposals and acquisitions, increased sales by 30 per cent and operating profits by 56 per cent.

Mr David Donne, chairman, said the group had detected no downturn in the UK construction and housing industry, and had enjoyed the benefits of a mild winter and a general increase in demand.

Operating profits in the UK, apart from discontinued businesses, rose 49 per cent from £19.3m to £28.7m.

The group said that acquisitions within the next 18 months could raise the proportion of profits made overseas from 29 per cent to 40 per cent.

Acquisitions of aggregate, hlacktop and concrete manufacturers in Spain and France helped boost European operating profits, which included a small contrihution from the Middle East, to £6.24m (£2.32m).

Steetley said the supply of materials for construction of the Channel Tunnel terminal and high-speed rail links connecting the tunnel to the rest of France would help swell group sales hy at least £5m in each of the next three years.

The US husinesses made £1.81m (£798,000), and Canadian profits rose 7 per cent to £3.74m (£3.51m), beld back by industrial disputes in the construction sector.

First half profits would have heen abont up to £800,000 higher, but for adverse currency movements.

Earnings per share rose 48 per cent to 18.54p (12.5p) and Steetley declared an interim dividend of 4p (3.25p).

● COMMENT

Steetley's Euro-confidence is built not so much on the prospect of the singls European market, hut on forecasts that the three countries in which it is expanding – Spain, France and the UK – will continue to have the fastest growing construction sectors in Europe. The strategy seems sound and the group will probably go on spending the proceeds of June's £68.2m rights issue in continental Europe rather than in the US. Other defensive advantages include Steetley's lack of exposure to the south-east of England, which used to he held against it. But despite good figures, forecast pre-tax profits of £78m or £79m for the full year, and the apparent solidity of the business, the shares fell from 329p to 324p yesterday. In a depressed building sector, the shares do look somewhat pricey on a prospective multiple of about 9, but they are still worth holding given Steetley's long-term potential.

Mecca revives war of words in Pleasurama bid battle

By David Waller

MECCA, the leisure company known for its extensive hingo interests, yesterday revived the war of words with Pleasurama, the much larger leisure group for which Mecca launched a share-only hid in the first week of August, now worth £650m.

Days before the deadline for Pleasurama's own defence document at the end of the week, Mecca put out a hard-hitting document in which it condemned the psrformance of Lonrho's London casinos, took the company to task for its recent acquisition strategy and warned investors to be suspicious of the quality of Pleasurama's earnings.

Mr Jeremy Long, Mecca's finance director, made particular reference to Pleasurama's recent acquisition of 900 acres of land in Williamsburg, Virginia, where the company is planning a development costing between $150m and $500m.

"The scope for them to be taken to the cleaners is enormous," he said. "The project is headed by Mr Robert Earl, (president of Pleasurama US) whose background is in catering, not development. Every builder, every contractor will have seen him coming."

Mr Barry Hardy, Pleasurama's development director, dismissed Mecca's arguments, saying that the document was another "shot-gun hlast of little pieces, lacking any central theme." And, he added, "if Pleasurama is as bad as they make out, why do they still want to take ns over."

Pleasurama is widely expected to include a profits forecast in its defence document, with brokers expecting a figure in the £60m to £65m range, compared to £44.3m in 1987. Mecca claimed that the figures would be inflated by a host of factors, ranging from one-off licence incoms following the acquisition of Hard Rock and the capitalisation of costs when new restaurants were opened.

Pleasurama shares drifted 2p to 213p, still way above the 203p value of the offer with the Mecca shares price at 168p yesterday. The price suggests that the market thinks the hid has little chance of success without an increase in the terms or tha inclusion of a partial cash alternative. Mr Michael Guthrie, Mecca chairman, refused to be drawn on this yesterday.

Panel forces bid for Portsmouth Water

By Andrew Hill

AMID THE sort of confusion which has become characteristic of statutory water company developments, the Takeover Panel has asked Portsmouth Water's pension fund to bid for the company, after it unwittingly failed to disclose an 84 per cent stake.

The Portsmouth Water Company Retirement Benefits Scheme had been building up the stake since June 1987, when it acquired 37 per cent in a placing, hut the fund only realised that it might have to make a cash offer when French and Anglo-French investments in some of the UK's 29 statutory water companies opened up the stock market backwater earlier this year.

Late last Friday, and almost unnoticed, the fund launched a bid under Rule 9 of the Takeover Code, which allows it to make an offer at the highest price it paid for the stock in the preceding 12 months.

The offer is pitched at 220p per ordinary stock unit and 30p for the perpetual preference stock.

Portsmouth's directors are also ths Scheme's trustees, so cannot guide stockholders, but the documents make it clear that investors could probably get more than three times as mnch for their ordinary stock and nearly 16 times as much for the perpetual preference stock in the open market.

Mr John Batty, deputy secretary, said: "Water companies weren't really news when the fund first bought stock. But the Scheme is happy with the holding it's got. It's one of the best investments in the superannuation fund at the moment."

The stake only represents 68.3 per cent of the stockholders' voting rights because of Portsmonth's unnsual voting restrictions, but Mr Batty agreed that it provided a useful defence against hostile investors.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Allied Part'ship	int	0.75	-	0.5	-	1.5
Ash & Lacy	int	15	Nov 5	12	-	30
Carbo	int	2.1	Nov 30	-	-	-
Computer People	int	1.45	Nov 11	1.2	-	3.6
Cornwell Parker	fin	17	Nov 4	13	24	18
European Leisure	fin	0.1	Dec 12	2	0.1	4
FII Group	fin	5.75	Jan 3	3	9	8
How Group	int	1.125	Nov 25	-	-	-
Lloyd Thompson	fin	3.35	-	-	5	-
MAI	fin	3.05		2.8	4.25	4
Menzies (John)	int	3☆	Jan 6	1.65	-	5.8
Metalrax Group	int	0.88	-	0.727*	-	2.727*
Rutland Trust	int	0.211†	Nov 28	0.1	-	0.24
Steetley	int	4	Nov 24	3.25	-	9.25
Sumit	int	1.2	Nov 4	1	-	4
Turriff	int	3.5	Jan 3	2.75*	-	8.333*
Watts, Blake	int	2.3	Nov 28	2	-	6.15

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ΦThird market. ☆First interim dividend for period covering 15 months to April 29 1989. ♣ Irish currency.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- ATA Selection, CCA Publications, Christies Intl, Cliffords Dairies, Clogau Gold Mines, Dencora, Epicure, Evered, Hunting Pet. Services, London & Metropolitan, Mil. Research, Molins, Mowlem (J), Needler, Next, Rickmansworth Water, Senior Eng, Smurfit (Jefferson), T.I.P. (Europe).
Finals- Bluebird Toys, Casket, Chambers & Fargus, Domestic & General, EFM Dragon Tst, Elders IXL, Lysander Petroleum, West Tst, Young (H).

FUTURE DATES

Interims-

Amersham Intl	Nov. 9
Burtonwood Brewery	Nov. 5
Finlay (James)	Oct. 5
Hawker Siddeley	Oct. 19
Hi-Tec Sports	Oct. 13
Jerome (S)	Oct. 5
Lamont	Oct. 3
Plastic Construction	Sept.30
St. Ives	Oct. 25
Western Dooars Tea	Sept.28

Finals-

Beckman	Oct. 6
Bejam	Oct. 5
Churchbury Estates	Sept.30
HTV	Oct. 5
Save & Prosper Stlg. Dep.	Oct. 4
Shandwick	Oct. 3
Television South West	Oct. 5
Tay Homes	Oct. 10

UK COMPANY NEWS

Tate stacks up another cube in the US

The Amstar purchase caps six months of frantic activity, reports Clay Harris

TATE & LYLE, recently dubbed "the world's leading processor of carbohydrates," is determined to justify the epithet. The fact that the description came from Tate's newest director, Mr Pierre Callebaut, takes nothing away from its significance.

Tate's agreement yesterday to pay $305m (£183m) for Amstar Sugar, the largest US cane sugar refiner, caps six months of frantic activity which has extended and consolidated the UK group's position as the most broadly based sweeteners group in the US and Europe.

The Amstar deal follows Tate's acquisition in May of Staley Continental for $1.48bn – nearly $2bn once the US corn syrup group's liabilities and management severance payments were taken into account.

Mr Neil Shaw, Tate chairman, parlayed this position into an assets swap with CIF, Mr Callebaut's private Luxembourg-based investment group, under which Tate retained 90 per cent of Staley and raised its interest in CST Group, one of Europe's leading starch producers, to 63 per cent. Together with earlier disposals, this reduced to $1.08bn the net cost to Tate of the 90 per cent Staley stake.

After yesterday's deal, Tate has 25 per cent of total US sugar processing capacity, according to estimates by Mr David Lang of stockbroker Henderson Crosthwaite, and – through Staley – 25 per cent of the market in high fructose corn syrup, largely used to sweeten soft drinks.

In terms of share of the total US market for nutritive sweeteners, Tate still ranks behind Archer Midland Daniel, the leading corn syrup group, but AMD does not have any beet interests.

Tate has grabbed market leadership in cane refining just as the pendulum of competitive advantage has begun to swing away from beet in the US. This summer's drought has assisted the process, although Tate's own beet operations in the western plains, in the shadow of the Rocky Mountains, have actually benefited from market conditions.

Western Sugar, Tate's beet processing subsidiary, hnys beet on long-term fixed-price contract from irrigated farms which were not seriously affected hy the dearth of rainfall. Tate's suppliers did not lose, hut they did not gain from the rising prices Western was receiving.

Higher beet prices also have also inhibited the usual west-to-east flow of sugar across the US, giving a new lease of life to cane refineries on the Atlantic and Gulf coasts.

It came just in time. In the past few years, closures have redneed annual cane-refining capacity by an estimated 2.5m short tons. Earlier this year, Amstar closed a Boston refinery; Philadelphia went in 1982.

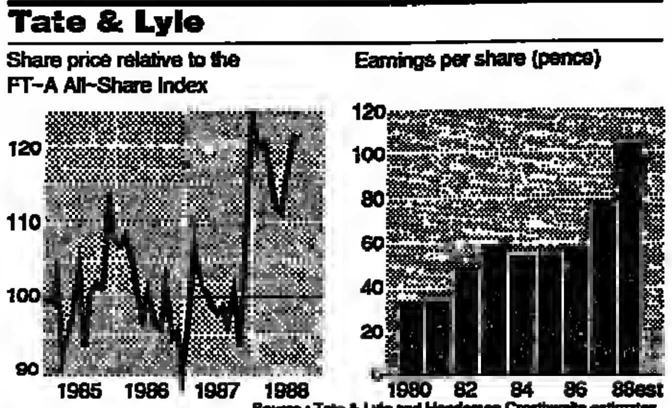
This year, Mr Lang estimates, the remaining cane refineries will be operating at 92 per cent of capacity. Although this level may be artificially high because of the drought, the worst appears to be over for cane in the US.

But if Tate has taken three steps forward with Amstar, it has had to take one back with the planned disposal of its cane refinery in Yonkers, just up the Hudson River from New York. Bought for less than $5m in 1976-77, Yonkers had received another $25m in investment.

The disposal is intended to avoid any regulatory hitches arising from the competitive position in the New York area.

Tate & Lyle

Share price relative to the FT-A All-Share Index — Earnings per share (pence)



Source: Tate & Lyle and Henderson Crosthwaite estimates

US CANE SUGAR REFINING CAPACITY

(Thousand short tons)	
Amstar*	1,600
Savannah	1,220
C & H	600
Refined Sugars — Yonkers†	500
Imperial	420
Archer Daniel Midland	300
Others	260
Total	4,900

One of Amstar's three refineries is in the New York borough of Brooklyn, the others in Baltimore and New Orleans.

It is not only Amstar's larger capacity, however, which makes it more attractive than Yonkers. Some 55 per cent of Amstar's sugar goes to grocery and food-service customers, mnch of it under the well-known Domino brand. Not only is this a higher margin business with a wider spread of customers than the industrial sngar which accounts for 75 per cent of Yonkers' output, it also gives Tate control over a wide distribution network.

Where next for Tate? The acquisitions and deals of the past six months have doubled its size. Mr Lang forecasts pre-tax profits of £170m for the year to September 1989 and £200m for the year after that. Of this, sugar and starches (including corn syrup) are each likely to account for 40 per cent.

Tate, however, has reached the position in the US where further large purchases in sweeteners are likely to run up against anti-trust barriers. In the UK, its scope for expansion in the same field is even more circumscribed, as it learned in 1986 when the Monopolies and Mergers Commission blocked its bid for S&W Berisford, parent of British Sugar, the beet processor which dominates the UK sugar market.

The obvious gap is beet in Europe, to reproduce its three-product range in the US. Tate's cane refining quota in the UK and Portugal accounts for less than 10 per cent of the total allowed European Community output of white sugar, so it could hardly be blocked from expanding in this area – although not in the UK itself – if the right opportunity arose.

For the moment, however, Tate may take a breather. It knows the danger of corporate hyperactivity; it has reaped the benefits of the US example.

Staley, for example, might never have been open to takeover if its management had not over-reached itself through the acquisition of Continental Food Services. This diverted Staley's attention away from its basic money-spinner – corn wet-milling – into low-margin food services.

It also fed a corporate hubris which led management to create a swollen, top-heavy structure (complete with "golden" and "tin parachutes" for more than 100 executives).

Amstar fell prey to another fad of the 1980s. A 1984 management-led leveraged buy-out backed by Kohlberg Kravis Roberts was refinanced two years later by Merrill Lynch.

The second one came to grief earlier this year, and Amstar has been on the block since then. Along the way, its beet refining, corn syrup and electronics activities have been sold.

FII Group down to £5.6m as imports bite

By Alice Rawsthorn

FII GROUP, one of the UK's largest footwear manufacturers, saw pre-tax profits fall from £7.2m to £5.6m in the year to May 31because of increasingly competitive trading in the shoe market.

Since last autumn, the UK footwear industry has come under pressure from a sudden surge of imports fuelled by sterling's strength against the US dollar and related Far Eastern currencies. The growth of imports, from countries like South Korea and Taiwan, has taken sales away from UK manufacturers and has depressed prices.

For the major women's shoe makers, like FII, the problem of increasing imports has been compounded by the fashion trend away from traditional court shoes towards more complex styles.

FII responded to increased competition by increasing output. As a result, sales rose to £60.3m (£48.3m). Operating profits fell to £5.5m (£7m) and fully diluted earnings per share slipped to 5.6p (7.2p). Nevertheless, directors propose a final dividend of 5.75p making 9p (8p).

● **COMMENT**

The last year or so has been a lousy time for UK shoe makers and FII has suffered with the rest of the industry. The only consolation is that, without its sustained investment in new technology, the impact of increased competition would have been far greater. FII could, after all, rely on its recent improvements in prodnctivity, and thence profitability, to offset the present problems. But the harsh truth is that being the most successful member of so spectacularly unsnccessful asector counts for little or nothing with the City. FII's share price collapsed after the crash and has fallen ever since. Yesterday it mustered a 20p increase to 195p, against a peak of 700p almost a year ago. The company's strategy of steering itself npmarket into more resilient areas of production makes sense. But its prospects – and potential profits – really rely on the state of the shoe market. There are now signs of a slight respite in the increase of imports. But it is far too soon to say whether this will be translated into the longer term recovery that FII is waiting for.

River Plate builds 28.6% voting stake in TR Australia

By Philip Coggan

ANOTHER INVESTMENT trust managed by Touche Remnant, TR Australia, came into play yesterday after it emerged that River Plate & General Investment Trust had huilt up a stake of 30.4 per cent of the ordinary shares and 28.6 per cent of the voting equity.

Mr John Duffield, of Jupiter Tarhutt, River Plate's fund manager, said that River Plate would be talking to Touche Remnant about ways of eliminating the trust's discount. Yesterday, TR Australia shares stood at 126p, compared with last Friday's net asset value of 134p per share. The group's market capitalisation was around £39m.

Mr Duffield said that River Plate had several options if Touche Remnant did not prodnce a satisfactory scheme. "We are prepared to be aggressive" he said. Touche Remnant said it was considering the position with its advisers.

A substantial part of the stake was acquired from Royal Insurance, which had previously owned 18.1 per cent of TR Australia. Mr David Rough, conventional funds investment manager at Royal, said yesterday that it had meetings with Touche Remnant in an attempt to see if the trust's discount to net assets could be narrowed and if there could be greater liquidity in the shares.

However, Touche Remnant did not produce any proposals. "It was almost like waiting for Godot" said Mr Rough.

River Plate was itself considered a target for break-up until last year when it was restructured as a split level trust.

A bid for TR Australia from River Plate would be unusual but not unknown. Normslly, it is diffcult for investment trusts to bid for each other because of the potential dilutive effect caused by the discount to net assets. However, River Plate's split-level structure means that it currently stands at a premium to its asset value. Last night, it was capitalised at around £80m.

Touche Remnant, an unquoted company, manages Britain's largest investment trust stable hut has been under attack on a wide variety of fronts over the past two years. Amongst the trusts which have faced bids or reconstructions are TR Pacific Basin, TR Natural Resources and TR Global Technology; last month, the British coal pension funds launched a £560m offer for the group's largest trust, the TR Industrial & General.

Avis Europe expands with Belgian purchase

By Clay Harris

AVIS EUROPE, car leasing and rental group, is expanding its Belgian interests with the acquisition of Auto Technique Belgique for up to BFr260m (£3.9m). The purchase is being made through Locadif, the Belgian company in which Avis holds a 78 per cent stake.

ATB has about 1,200 lease vehicles and a rental fleet of 250. Its profits record was not disclosed, although Mr Alun Cathcart, Avis chairman, described the exit multiple as "relatively modest." ATB has about £1.5m in assets.

The acquisition price, which is subject to adjustment before completion, will be paid in cash, although Mr Jacques Legrand, ATB's owner, has agreed to subscribe for Avis shares to the value of one-third of the final figure and hold them for at least 12 months.

Avis expects to recoup about one-tenth of the purchase price by selling a BMW dealership in Brussels back to Mr Legrand. Avis will buy out the 22 per cent minority in Locadif next March.

Dalgety buys Lee Brands

DALGETY, food, agribusiness and commodity group, has purchased Lee Brands, asparagus company, for an undisclosed sum.

California-base Lee made pre-tax profits of $2.6m (£1.56m) on turnover of $40m last year. It will become part of Dalgety Prodnce, the group's overseas fresh fruit and vegetable company.

Lloyd Thompson up 24% to £5.15m

By Nick Bunker

LLOYD THOMPSON, the fast-growing Lloyd's insurance broker, has increased full-year pre-tax profits by 24 per cent to £5.15m, after weathering what Mr Ken Carter, its chief executive, called the toughest year the company had faced since its foundation in 1981.

The shares closed unchanged however at 189p, in spite of analysts' expectations that the group will benefit from premium rate increases in the London marine and energy insurance market following the Piper Alpha explosion.

Piper Alpha's after-effects are potentially very significant for Lloyd Thompson. When it came to the stock market last October, it disclosed that 29 per cent of its hnsiness stemmed from energy industry insurance.

The group's executives stress however that it could be January before it is clear how marine underwriters will respond to the disaster.

Mr John Lloyd, an executive director, said Piper Alpha caused an immediate end to spiralling premium rate reductions for energy risks.

Lloyd Thompson's results for the 12 months to June 30 were driven hy a 28 per cent increase in broking turnover to £11.76m. Other operating income, consisting of investment income on cash balances, grew to £3.13m (£1.8m).

After-tax earnings were up 34 per cent at £3.17m, and a final dividend of 3.35p is proposed, making a total dividend for the year of 5p.

● **COMMENT**

The energetic Mr Carter joined Lloyd Thompson after a high-flying career with Sedgwick: on the basis of yesterday's figures his £225,000 salary was not too high a price. Cnrrency movements were largely adverse in 1987-88, given that Lloyd Thompson's brokerage is 85 per cent dollar denominated, and plunging rates in the marine and reinsurance markets and in North America only added to the prohlems. So a 28 per cent jump in brokerage was excellent, reflecting Lloyd Thompson's ability to drum up new accounts and its expansion into fields such as North American property/casualty. After outperforming the sector index by 20 per cent for much of the last year, Lloyd Thompson's shares are still only 19p above their October 1987 placing price: and with 68 per cent of the equity in the hands of employees, there is a scarcity value which should underpin the further rise expected in the shares if Piper Alpha does cause a decisive change in conditions in parts of the Lloyd's market.

How Group up 20% to £2m midway

How Group, building services company, has increased profits and earnings hy about 20 per cent in its first set of results since joining the main market in December. Pre-tax profits rose from £1.71m to £2.04m on sales ahead 15 per cent from £73.63m to £85m. An interim dividend of 1.125p is being paid on earnings up from 2.66p to 3.2p.

The results from Hansgross Estates, acquired recently, have been inclnded on a merger accounting basis.

The company's divisions had a healthy workload, he said, with more contracts won outside the London area than for many years.

These included engineering services for more than a dozen shopping complexes and town centre re-developments.

Emap expands provincials

Emap, the newspaper, magazine and exhibitions group, is adding to its interests in provincial newspapers with the acquisition of the Cardigan and Tivyside Advertiser for £900,000 cash.

CTA publishes a weekly paid-for newspaper in Cardigan and the surrounding area. Last year it achieved profit before directors' costs and before tax of £70,000, on turnover of £369,000. The newspaper has been in existence for 120 years.

Borthwicks sells US meat trader

Borthwicks, the food and meat products group, has sold its US meat trading business to Metro Meat of Australia for book value, releasing about £2m. Borthwicks will retain ownership of a US subsidiary to serve as a base for further potential developments.

Marshalls US buy

Marshalls Halifax, the building and engineering group, has paid £2m ($3.25m) cash for two Nashville, Tennessee, concrete block makers. The assets include a ten acre site near the city centre and two block making plants.

UK COMPANY NEWS

Rutland advances to £5.6m and takes control of surveyor

By Venessa Houlder

RUTLAND TRUST, financial services group, yesterday announced pre-tax profits for the half year to June 30 more than doubled from £2.5m to £5.6m.

Turnover increased from £9.65m to £37.7m, while earnings per share increased 96 per cent to 1.47p. An interim dividend of 0.21p (0.1p) was declared.

Rutland has also agreed to buy a 75 per cent stake in Hunter & Partners, architectural and building surveying practice, for a minimum of £5m.

The acquisition is in line with Rutland's plans to expand its professional services division, which at present consists of Ellis & Buckle, a loss adjusting business.

Mr Michael Langdon, chief executive, said that Rutland would help Hunter expand geographically and there would eventually be some scope to cross-refer clients to other parts of the group.

Mr Langdon said that organic growth in the group ran at about 25 per cent for the half year. All divisions progressed well, he added.

The divisional breakdown showed that the corporate finance division contributed profits of £1.45m (£170,000) including head office costs and some interest on its cash pile, which now stands at £15m. Asset financing made £1m (£502,000); insurance broking and personal financial services, £1.46m (£398,000) and professional services, £1.7m (£1.4m).

In addition to the £5m cash and paper payment for Hunter, a further £4.75m, dependent on profits, will be paid over tha next two years.

As with previous Rutland deals, the management of Hunter will keep the 25 per cent minority stake in the medium term, although this will be acquired by Rutland in two tranches over the next ten years using a formula based on Hunter'a earnings and Rutland's discounted p/e.

Hunter made pre-tax profits of £1.2m on turnover of £7.6m for the year ended April 30, at which date it had net assets of £1.5m.

● COMMENT

In the summer of 1987, Rutland acquired a go-go image to match its astronomical p/e multiple. A year on, Rutland has a more sober rating but enjoys an enviable reputation for good management and a coherent spread of businesses. At the root of the company is an network of insurance brokers that help drum up business for tha other divisions, which, in theory at least, are subject to complementary business cycles. With £15m in the kitty, Rutland is in a strong position to expand further by acquisition, probably in professional services and corporate finance, although it will continue with a somewhat cautious approach. The Hunter purchase is typical of Rutland's acquisition policy: a complex deal that should enhance earnings and incentivise management for several years to come. With the help of Hunter, analysts expect Rutland to make about £12m in the full year. With the share price down 1p to 42p, that puts Rutland on a rating of 14, up with events.

Watts Blake margins improve in first half

PROFITS AND earnings rose 20 per cent at Watts, Blake, Bearne, processor and seller of ball and china clays, in the six months to June 30. Taxable profits rose from £3.16m to £3.8m and earnings from 10.15p to 12.18p.

Sales advanced 14 per cent to £21.24m (£18.71m). Interest payable fell to £24,000 (£29,000) and tax paid was £1.38m (£1.1m). The interim dividend is raised to 2.3p (2p).

Mr H C Cottrell, chairman, said he expected trading conditions to remain buoyant in the second half.

However, he warned that the capacity constraints of the existing plant, combined with the incidence of holidays and shipping periods in the second six months, would make it difficult to match the first half's record UK performance.

Change to tendering system cuts wholesale newspaper margins

John Menzies profits fall to £4.1m

By Maggie Urry

JOHN MENZIES, retailer and newspaper wholesaler, suffered a fall in pre-tax profits from £5.5m to £4.1m in its half year to end-July. Sales were 20.4 per cent higher at £350.6m.

Mr John Menzies, chairman, said that he had warned at the *annual meeting in May of a* swing in profits towards the second half as the retail activities became more important. "Profits for the year are on bndget to show a nseful increase," he said.

The company is changing its year-end to April to reduce the disparity between the two halves. The interim dividend is increased by 81.8 per cent to 3p, also to improve the balance between the two payments.

Mr Ranald Noel-Paton, group managing director, said that the company was going throngh a "refoundation" which was reflected in the higher sales but lower profits.

The newspaper wholesale side had been disrupted by the change to a tendering system, which had cut margins. Mr *Noel-Paton said market share* had been retained and turnover in Sunday papers and magazines was strongly up.

In retailing, results had been affected by the acquisitions of Hammicks, the booksellers, last November, and 66 shops from Martins in May which were changing over to John Menzies shops.

Both had contrihnted to turnover, but after higher interest charges – £900,000 compared to nil – and with the seasonal bias, neither had contributed to group profits.

In the US the rapid expansion of Early Learning Centres – shops selling toys and books for children – from 18 in July 1987 to 65 at the half-year end, had resulted in substantial costs.

By November there will be 80 ELC shops in the US which Mr Noel-Paton regards as sufficient to give critical mess. However, that business might not break into profit until after next year.

Meanwhile, he said, the John Menzies chain had performed well.

Earnings per share fell by 29 per cent to 4.4p.

● COMMENT

The full significance of Mr Menzies's warning had not filtered through to analysts and these figures were somewhat below expectations. Though the company is confident profits will be up for the year, it will have to work hard to hold earnings per share after covering the dividend on the £20m ofprefarence shares issued after the Martins deal and a slightly higher tax charge. The longer term picture is more encouraging as profits start to come through from the newer activities. And the emphasis on retailing rather than the more vulnerahle wholesale side is to the good. Short term the dividend increase looks generous, hut a prospective p/e (to the old January year-end) of a little under 10, with the shares down 3p to 284p, is not inspiring.

Reorganisation pays off at Turriff

THE BENEFITS of last year's reorganisation again boosted Turriff Corporation as the construction, maintenance and information services and plant hire group revealed a 98 per cent increase in taxable profits for the first half of 1988.

Tha outcome, np from £682,000 to £1.35m, was achieved on turnover 38 per cent higher at £46.63m (£33.72m). An interim dividend of 3.5p (2.75p adjusted for the scrip issue in March) is to be paid from earnings per share of 10.7p (7.8p).

Mr Astley Whittall, chairman, said that although the bulk of profits was still expected to arise in the second half, the reorganisation meant they were beginning to accrue more evenly.

Mr Whittall said:"We are longer over-dependent on any one business sector, but have four broadly-based divisions. The diversity of our husinesses gives strength to the group and will enhance opportunities for continued profit improvement."

Sumit down 17% mid-term

Net asset value at Sumit, venture capital investment company, was 212p fully diluted at June 30 1988, against 225p last time, and undiluted 257p (275p). The interim dividend is up from 1p to 1.2p.

Pre-tax profits fell to £224,000 (£271,000) on gross revenue of £658,000 (£715,000). Earnings per £1 share fell to 2.6p (3.4p).

UK COMPANY NEWS

Cornwell Parker rises to £9.3m

By Alice Rawsthorn

THE BUOYANCY of the furniture and furnishings markets helped Cornwell Parker, which has just changed its name from Parker Knoll, to boost pre-tax profits by 36 per cent to £9.3m in the year to July 31 on sales up 18 per cent to £74.2m.

The company has changed its name to reflect its recent diversification away from its traditional interests in furniture into furnishing fabrics and wall coverings. Mr Martin Jourdan, chairman, said that the Parker Knoll name was too closely associated with the reclining chairs with which the company is best known.

The furniture division made profits of £4.6m on sales of £37.8m. Mr Jourdan said that the company was able to respond quickly to the announcement of the Government's new regulations on furniture flammability and the pattern of trading had not been disrupted. Upholstered production in Oxfordshire is being expanded.

The company is also investing in cabinet-making. It is spending £3.5m on a new factory in North London for Nathan, part of which will be used for a new range for Habitat. It is also expanding Lock, which makes reproduction oak furniture.

The furnishing fabrics division saw profits rise to £5m on turnover of £36.4m. Monkwell, furnishing fabrics and wallcoverings company bought last year, contributed £950,000, after financing costs, with sales of £11.5m.

Cornwell Parker's earnings per share increased to 77.8p (60.8p) and a final dividend of 17p is proposed, making 24p (18p) for the year. Directors also propose a five-for-one share split of both the voting and non-voting shares to improve marketability.

Mr Jourdan said that the present year had begun well. The company was keen to expand further by acquisition into the US or into other areas of the home such as bedroom furniture.

● COMMENT

The home has emerged as one of the most fertile areas of consumer expenditure in recent years and Parker Knoll, or Cornwell Parker as it is now called, has flourished. Whether it will fare so well in the months to come – when increased interest rates filter through to the housing market and to the amount of money spent on the home – remains to be seen. The archetypal Cornwell Parker customer tends to be the middle aged home owner – whose income may well be enhanced by inheritance – that is least exposed to the vagaries of property purchases and least likely to baulk at paying an extra £100 for a less flammable three piece suite. The City was confident enough yesterday to boost the 'A' shares by 45p to 865p. Even so the shares, on projected profits of £11.5m and a prospective p/e of 9, may have a little further to go.

Acquisitions help Ash & Lacy to 43% jump

By Richard Tomkins, Midlands Correspondent

ASH & LACY, the West Midlands galvanising and metal products group, has followed last year's strong performance with a 43 per cent increase in pre-tax profits from £1.65m to £2.35m for the half year to June.

Roughly half the increase was attributable to 10 acquisitions made by the group over the last 18 months.

The rest came from a combination of geographical expansion and increased sales stimulated by the strength of the UK economy.

Group turnover rose from £18.7m to £26.2m and earnings per share rose by 48 per cent from 24.4p to 36.3p. The interim dividend is raised from 12p to 15p.

Mr David Fletcher, managing director, singled out the group's galvanising and stockholding operations as having performed particularly well, but the perforated metal and building products operations also improved.

One weak spot was Hunrral, the 50 per cent joint venture making cladding sheets. Losses here worsened from £118,000 to £200,000, but Mr Fletcher said he expected the company to break even in the second half.

Ash still has net cash of £400,000 after spending £3.2m on acquisitions. It recently appointed an acquisitions and corporate development manager and it is now looking for bigger acquisitions in complimentary areas.

Metalrax rises to £2.7m at six months

Metalrax Group, Birmingham-based engineering specialist, has reported interim pre-tax profits for the half year to end-June 1988 of £2.65m, a 20 per cent increase on £2.2m last time.

Turnover was up 14 per cent to £24.8m (£21.8m) and earnings per 5p share came out at 3.62p (3.01p). An improved interim dividend of 0.88p (0.7273p adjusted) is being paid.

Metalrax comprises more than twenty companies engaged in the design, manufacture and marketing of its own ranges of products including storage and handling systems, shelving and partitioning, conveyor systems and structural steelwork.

Mr John Wardle, chairman, said business remained buoyant and he was encouraged to find that there were no short-term factors to indicate a downturn in the second half.

The group's policy of substantial capital investment in new and hi-tech equipment helped to ensure that it would maintain its leading position in the marketplace, he said.

Allied Partnership up £1.5m

BUOYANT trading conditions and improved margins enabled Allied Partnership Group to more than double pre-tax profits from £1.1m to £2.55m for the six months to June 30. Sales of the building services and plant hire company rose 28 per cent from £26.1m to £33.33m.

The interim dividend is raised 50 per cent to 0.75p on earnings per 5p share up 74 per cent to 2.65p (1.52p).

Mr Martyn Rose, chairman, said in his review of the period that hiring and leasing made substantial progress. The forklift truck companies expanded their market share and Tiger, the railcar leasing operator, produced records profits while increasing its fleet size, doubling its management team and opening a regional office.

The instant accomodation hire fleet, Allied Accomodation, had a very successful first year. Adapta Units, the instant accomodation manufacturer, developed so fast that the increased production capacity made available in March had proved insufficient. A new factory was under construction.

Allied also announced yesterday that Dew Group, its civil and contracting arm, had recently won contracts totalling £19m.

All-round growth lifts Carbo

ALL-ROUND growth enabled Carbo, Manchester-based manufacturer of abrasives, resins and polyester concrete drainage products, to report pre-tax profits 20 per cent higher at £1.85m in the six months to end-June.

The group, formerly Carborundum Abrasives, joined the main market in May. Mr Trevor Egan, chairman, said all group companies were "well placed to take advantage of the buoyant economic conditions and contributed to the growth in earnings".

Sales were almost static at £30.27m (£29.51m), but earnings per 5p share, after tax of £740,000 on an estimated 40 per cent charge, improved to 6.5p (7.2p). The interim dividend is set at 2.1p.

Mr Egan attributed the modest sales growth to a weaker D-Mark and Swiss franc, but the improved performance of Carbo's German businesses "more than offset the negative impact of translation on earnings."

Melville for market

Melville, a UK-based exhibition contractor and manufacturer of aerosol filling equipment, is planning to join the London main market in October via a placing.

Computer People up 38%

COMPUTER People Group, computer staff agency, reported pre-tax profits up 38 per cent from £1.03m to £1.42m in the six months to end-June 1988.

Turnover in the period rose 20 per cent to £20.67m (£17.2m).

After tax of £518,000 (£414,000) earnings per 5p share increased to 7.92p (6.15p). The interim dividend is raised to 1.45p from 1.2p last time.

Mr Michael Bayfield, chairman, said the core UK consulting business had achieved a 35 per cent increase in revenue, and should continue its excellent record of growth.

The original US business, although still profitable, continued to operate in trading conditions which made it difficult to supply UK consultants to the company's traditional US client base. However, the UK recruitment business had shown exceptionally strong growth, with revenues up 78 per cent.

Benson hits £1.11m

Benson Group, heater, tow-bar and vehicle company, yesterday revealed a 90 per cent increase to £1.11m in pre-tax profits for the 12 months to end-May 1988.

Turnover expanded by 32 per cent to £11.13m and earnings per 10p share rose to 3.84p (2.24p). A single dividend for the year of 0.7p (0.5p) is proposed.

Bilston Enamels

Increased operating costs of the new factory and higher selling expenses led to Bilston & Battersea Enamels showing a reduction from £191,000 to £148,000 in pre-tax profit for the first half of 1988.

Sales showed a modest 8 per cent rise to £1.7m. Earnings fell to 2.3p (2.9p), but the interim dividend is again 1.5p.

F&C Pacific Trust

Net asset value per share of F&C Pacific Investment Trust amounted to 174.6p at July 31, a downturn of 14.4p on the figure standing a year earlier.

Net revenue for the half year to July rose from £790,000 to £1.25m after tax of £622,000 (£381,000). Earnings were 1.17p (0.73p) and the interim dividend is being stepped up to 0.4p (0.3p).

COMPANY NEWS IN BRIEF

ANGLO-EASTERN Plantations achieved turnover £962,000 in first half of 1988 (£710,000) and profit £312,000 (£82,000). Earnings 0.8p (0.1p).

ASHLEY GROUP: Existing shareholders subscribed for 1.47m (5.83 per cent) of the shares issued via a rights issue to help fund the purchase of DIGSA, the Spanish food retailer.

BANKS (SYDNEY C): Annual meeting told company was examining its costs and overheads because of the current downturn in both arable and livestock sectors of agriculture.

FOSECO is to acquire from Societe Anonyme d'Explosifs et de Produits Chimiques, its 40% minority holding in Foseco's US subsidiary Celtite. Consideration is $3.2m (£1.9m). Celtite makes chemical anchoring products for the construction and mining industries.

GARDINER GROUP: Automated Security Holdings and Scantronic Holdings partial offer, declared unconditional earlier this month, will close on October 6. As at September 21 acceptances and tenders for acceptances had been received in respect of 29.6m ordinary (74.01 per cent).

KEWILL SYSTEMS: Chairman told annual meeting that the group was continuing to benefit from a strong demand from the manufacturing sector for advanced computer management systems.

KOREA-EUROPE Fund: Net asset value per share at September 22 was US$17.93 (US$17.83 at September 15 1988.

MARTIN CURRIE Pacific Trust reports pre-tax profit £28,000 half year ended August 31 1988 (£90,000). Directors remain confident in prospects for Japan and South East Asia generally.

MISYS: Chairman told annual meeting that company was seeking further businesses within computer services sector, both to extend the breadth of activities of the group and to strengthen existing business interests. Senior management was also being strengthened.

PEARSON has announced early redemption of loan stock. Prices are per £100 nominal 4% unsecured loan stock 2001/05, £80.5; 10% unsecured loan stock 2001/05, £106; 10% unsecured loan stock 1993/98, £103.5. Holders approval will be sought at meetings on October 18

RANDSWORTH TRUST has sold CI Tower in New Malden to Central London Securities for £12.1m. CI Tower was let progressively over the past months to produce a total current income of £970,000 per annum.

ST DAVID'S Investment Trust is paying a final dividend of 6.5p to make 10p for year ended July 31 1988 (7.1p), from earnings of 10.17p (7.15p). Pre-tax revenue £568,000 (£411,000). Net asset value per capital share 145p (202p).

STODDARD SEKERS International: Annual meeting told that results had been undermined by a rise of about 75 per cent in Chinese raw silk prices. Interim profits would fall but an improvement in the second half was expected.

TACE: Valid acceptances were received for 1.72m new ordinary in respect of the recent rights issue. The balance of 536,056 shares (23.79 per cent) has been sold in the market.

TOR INVESTMENT Trust made net taxed revenue of £980,000 in year ended July 31 1988 (£768,000). On income shares earnings were 24.17p (18.9p) and final dividend 14.4p making 21p (17.48p); asset value 137p (153.8p). On capital shares earnings were 2.417p (1.89p) and dividend 2.1p (1.748); asset value £10.67 (£13.34).

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And Bell Atlantic Capital Corp. ranks in the top ten in the U.S. in high-technology equipment leasing and is a major player in the capital project and corporate financing markets.

All of which speaks very well for the expertise we're bringing to Europe. And the resources we've committed to advancing communications worldwide.

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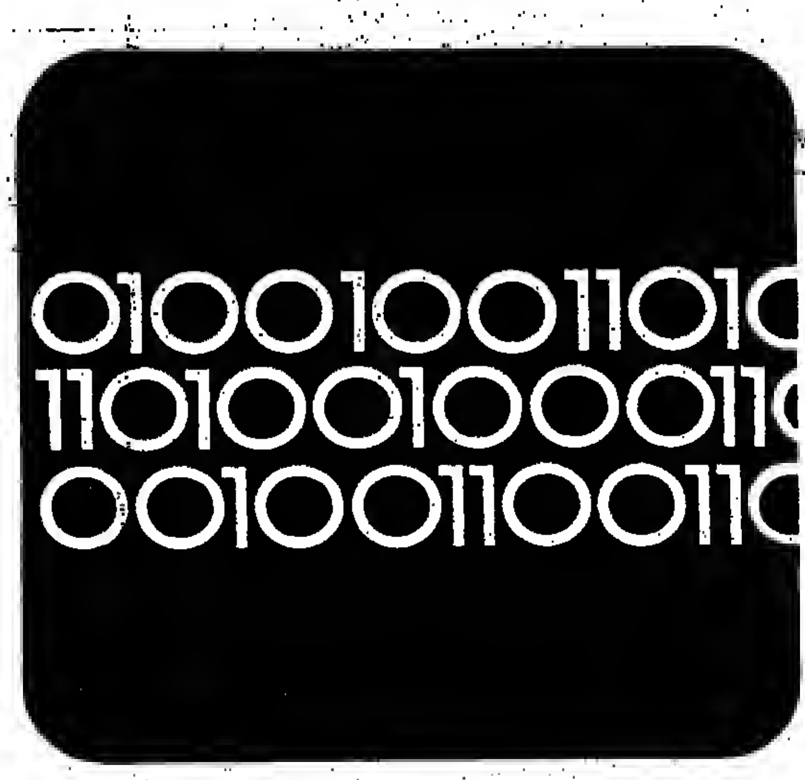

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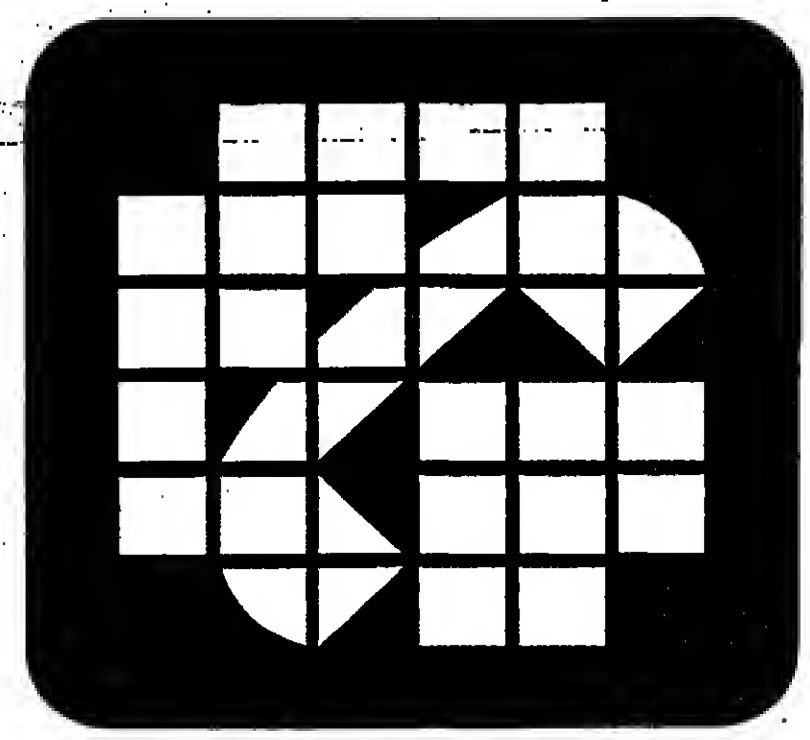

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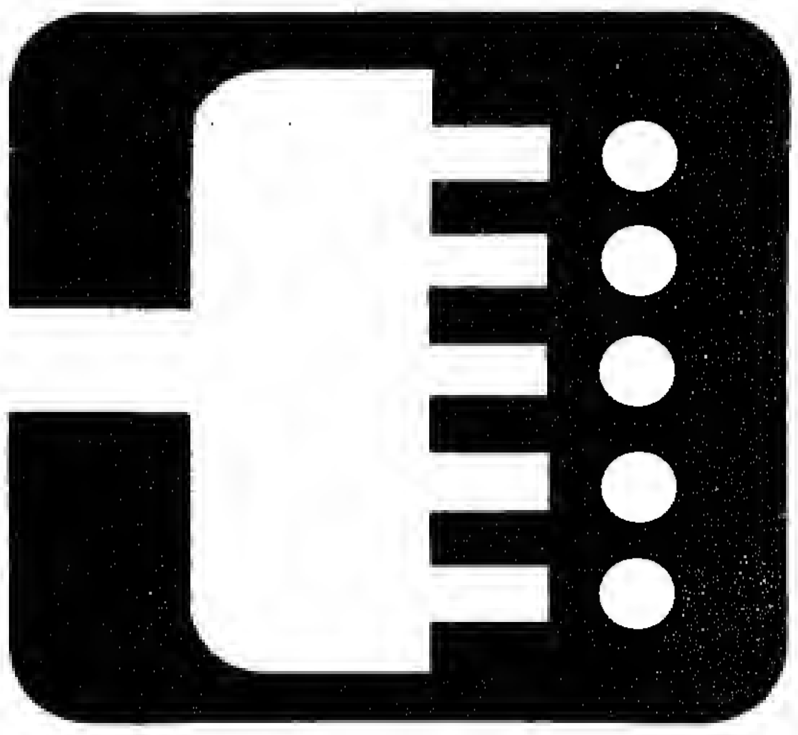

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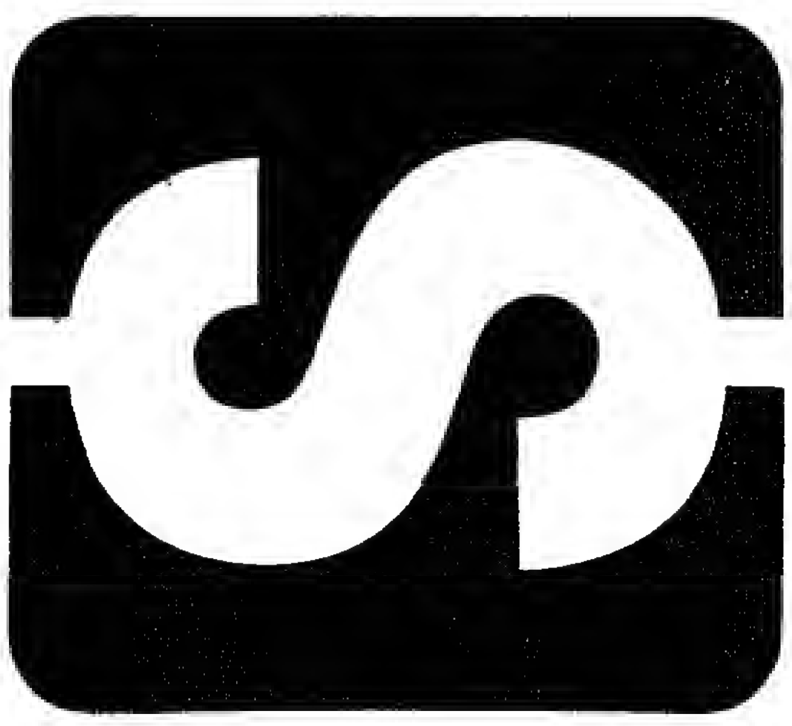

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LONDON STOCK EXCHANGE

Cautious ahead of UK trade figures

THE UK securities markets were treading carefully yesterday, with the big institutional investors staying firmly on the sidelines, leaving the traders to face up to a batch of important and potentially unsettling factors. Prime among them were the prospects for today's disclosure of the UK trade figures for August.

Another substantial deficit on visible trade, implying pressures for a further upward twist in domestic interest rates, is considered inevitable. Estimates from equity market analysts are for an August trade deficit of £1bn to £2.5bn, compared with the £2.7bn deficit for the previous month.

Account Dealing Dates			
*First Dealings:	Sep 19	Oct 3	Oct 17
Option Declarations:	Sep 29	Oct 13	Oct 27
Last Dealings:	Sep 30	Oct 14	Oct 28
Account Day:	Oct 10	Oct 24	Nov 7

*New time dealings may take place from 9.00 am two business days earlier

While a figure at the low end of the range might prove acceptable, a deficit in the £2.5bn range would mean that "another rise in interest rates seems likely", commented Christopher Wickham at Shearson Lehman Hutton.

The markets were also keeping a wary eye on the meeting of the G-7 Finance Ministers in Berlin, and on the IMF, which has advocated a rise in UK taxes next year if the economy maintains present growth rates.

Share prices opened firmly yesterday, with the blue chips hoping for further support this week from the US. Momentum was soon lost, however, and a second attempt to move upwards was thwarted by a cool start on Wall Street. The closing picture was mixed. The FT-SE index closed 0.3 up at 1792.7. Seaq volume of 299.6m was slightly below recent daily averages.

Turnover in the clutch of speculative issues which came to prominence recently remained brisk, albeit below the feverish levels seen last week. Share value estimates, both from the investment press and from Mr Tiny Rowland, the chief executive, kept Lonrho on the boil. Consolidated Gold Fields continued to ease as the market sensed that consummation of Minorco's £2.9bn offer could be delayed by a referral to the UK Monopolies and Mergers Commission. Further activity in Allied-Lyons spurred the search for the buyer's identity.

The market took in its stride a placing of 7m shares of Tate & Lyle, as part of a $300m US deal. Priced well below market levels, the shares were placed with ease within one hour, in a convincing display of institutional readiness to support an investment, rather than speculative situation. Hoare Govett raised their forecasts for Tate's 1989 performance by 5 per cent.

The current dilemma in the marketplace is reviewed by Citicorp Scrimgeour Vickers which, in a major survey of prospects for UK equities, says that, "on a strategic view", long term investors should be looking to commit funds through this autumn. However, it adds that a general recovery in the market must await confidence that the interest cycle has topped out.

FINANCIAL TIMES STOCK INDICES

	Sep 26	Sep 23	Sep 22	Sep 21	Sep 20	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	87.30	87.16	86.97	87.01	87.07	85.86	91.43 (18/4)	86.28 (2/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.10	96.21	96.00	96.00	95.97	92.02	96.87 (25/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1446.5	1446.8	1440.7	1443.6	1429.9	1851.3	1514.7 (8/8)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	164.0	164.6	162.7	165.2	168.1	462.6	312.5 (7/1)	152.7 (22/9)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Dl. Yield	4.78	4.77	4.79	4.79	4.84	3.16				
Earning Yld %(full)	12.05	11.98	12.03	12.02	12.15	7.73				
P/E Ratio(Net)(*)	10.05	10.12	10.06	10.09	9.98	15.82				
SEAQ Bargains(5pm)	19,576	20,372	20,886	21,505	17,543	37,445				
Equity Turnover(£m)†	-	904.57	1060.89	1153.30	715.49	1329.58				
Equity Bargains†	-	20,605	22,240	22,193	17,732	45,316				
Shares Traded (ml)†	-	305.7	353.0	358.8	281.0	592.6				

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1445.9	1444.3	1444.6	1448.2	1450.7	1449.9	1448.7	1447.6

DAY'S HIGH 1450.6 DAY'S LOW 1443.8

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆Nil 9.97 †Excluding intra-market business.

● S.E. ACTIVITY

Indices	Sep 23	Sep 22
Gilt Edged Bargains	90.6	82.6
Equity Bargains	134.1	144.1
Equity Value	1528.4	2142.5
5-Day average		
Gilt Edged Bargains	87.8	84.0
Equity Bargains	132.4	137.1
Equity Value	1656.4	1617.9

● London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change
ASDA Group	2,200	141	-½
Abbey Life	2,700	314	-6
Allied-Lyons	7,000	449	-7½
Amstrad	660	203	+2
Argyll Group	1,700	171½	-1
Ass. Brit. Foods	11	303	
BAA	530	255	
BAT	982	435	+2
BET	73	225	+1
BICC	763	370	+4
BOC	808	410	+3½
BPB Inds.	849	244	+1
BTR	2,800	289	+4
Barclays	623	396	-1
Bass	462	756	+1
Beecham	422	461	+1
Blue Arrow	1,200	87	-1
Blue Circle	400	439	+1
Boots	767	230	-½
British Airways	1,400	158	+1
Brit. Aerospace	1,300	474	+7
Brit. & Comm.	296	219	
British Gas	5,200	166½	+1
British Land	144	321	-3
BP	625	247	
British Telecom	1,200	234½	+½
Burmah Oil	157	524	-1
Burton	1,000	195	-2
Cable & Wireless	2,300	379	+5
Cadbury Schweppes	950	323	-6
Coats Viyella	532	170	
Commercial Union	1,000	335	-1

Stock	Volume 000's	Closing Price	Day's change
Cons. Gold Fields	2,700	£12¾	-⅛
Cookson	1,200	257	+1
Courtaulds	679	285	-4
Dalgety	10	311	-3
Dee Corp	1,400	176	-1
Dixons	124	154	
Eng. China Clays	440	491	+6
Enterprise Oil	1,400	655	+11
FKI Babcock	433	124	-1
Fisons	2,400	236	+2
General Accident	190	875	-3
General Elect.	1,000	152½	+½
Glaxo	1,000	£10¼	
Globe Inv.	79	139½	+½
Glynwed Int.	862	283	+1
Granada	1,600	302	
Grand Met.	559	494	-2
GUS A	89	£10⅞	
GRE	693	185	-1
GKN	111	318	+1
Guinness	291	313½	-½
Hammerson 'A'	12	618	-2
Hanson	1,000	142½	
Harrisons & Cros.	81	635	-2
Hawker Siddeley	226	513	-3
Williams Hldgs.	436	262	
IMI	271	199	
Imp. Chem.	802	£10⅛	-⅛
Inchcape	390	198	
Jaguar	48	279	
Ladbroke	259	436	+3

Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]
Pilkington	794	202	[illegible]
Plessey	1,500	155½	[illegible]
Prudential	1,300	151	[illegible]
Racal	1,800	252	[illegible]
Rank Org.	224	625	[illegible]
RMC	376	466	[illegible]
RHM	558	386	[illegible]
Reckitt & Colman	221	877	[illegible]
Redland	149	409	[illegible]
Reed International	346	399	[illegible]
Reuters 'B'	119	494	[illegible]
RTZ	410	448	[illegible]
Rolls Royce	775	127½	[illegible]

Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]

Lonrho serial continues

More ado about Lonrho's intrinsic value, this time from its chief executive Mr Tiny Rowlands who said over the weekend that the shares are worth 800p, failed to impress the market. The response, in fact, was decidedly low key when compared with the furore which followed similar comments on Friday by director Mr Paul Spicer.

Although turnover (15m shares) was still high by normal standards, it was well below Friday's massive trade of 35m. A more sensible trading range was also recorded in the price of the shares. They closed marginally harder at 345p after having moved within modest extremes of 342p and 348p.

Profit-taking was substantial but the sales were absorbed by demand from investors hopeful of further developments. Mr Rowlands may shortly meet the group's largest US shareholder, Mutual Shares Corporation, which last week had talks with New York-based US corporate raider Mr. Asher Edelman. Late yesterday Mr Edelman confirmed he was the holder of 4.75 per cent of Lonrho's equity capital.

Allied speculation

Allied-Lyons again shared trading honours with Lonrho as speculation took a fresh twist about the 7 per cent stake held by Bond Corporation. The Australian group, contrary to recent belief, is now thought to have been Friday's large buyer of perhaps 1.7 per cent of Allied's shares.

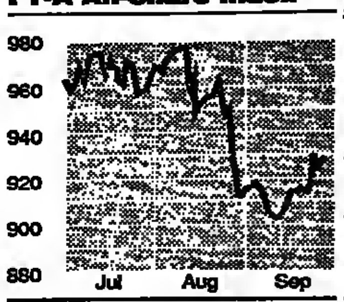
According to dealers the same broking house bought a further 2m to 2.5m shares yesterday, leading the market to speculate that the antipodean group was intent on raising its overall target to around 10 per cent of Allied-Lyons.

Most of the stock was acquired as the Allied share price slipped back from Friday's enhanced levels. Volume continued to outpace the business recorded in most other Alpha issues, but the total of 7m shares was a pale reflection of the previous session's 43m shares traded. At the close, the shares were 7½ lower at 449p.

Tate less sweet

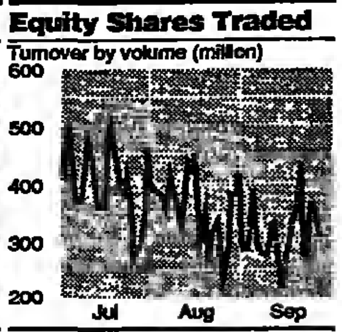
A sharp fall in shares of Tate & Lyle on the announcement that it is buying the sugar interests of Amstar, the US group owned by Merrill Lynch and associates, for £182m reflected a response to the financing of the deal rather than to any broader judgement. The shares ended a net 24 lower at 805p, although turnover, at 70,000 shares, was thin, even by the standards of a sluggish equity market.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



Tate expects to recover at least $100m of the purchase price by selling its New York sugar refining business, and the Amstar assets include Domino, a famous brand name in the US market where Amstar is one of the largest cane sugar refiners.

However, the deal was financed partly from internal resources, and partly by the placing of 7m Tate shares at 790p – and it was the latter move which undermined the share price after the deal was announced.

Since the proposal has been structured to escape the provisions of the City's pre-emption rules, existing shareholders have no clawback right to buy the new shares at the pre-announcement price of 828p.

News that London Merchant Securities now sees the likelihood of supporting Carless Capel in its attempt to merge with coal mining group Ryan International as "remote" triggered another flurry of support for Carless whose shares raced up to 102p before closing a net 5 higher at 100p.

London Merchant has a 27.4 per cent holding in Carless and dealers said the move by the former was aimed at trying to flush out a bidder for Carless whose shares have come under sustained pressure since the proposed merger was announced. The merger document was posted to shareholders yesterday.

BZW, the securities house, in recommending Carless as a "buy" says then latter's assets are worth around 165p a share.

Ryan International shares dropped to 132p before closing a net 5 off at 135p.

Analysts pointed out that three major events in the energy arena are due shortly – there are now only two weeks before the 25.4 per cent stake held by LASMO in Enterprise goes up for auction, the result of the Monopolies inquiry into the Kuwaiti(KIO) stake in BP is imminent and there is a full OPEC meeting next month.

British Gas, the unsuccessful market "raider" on LASMO a few weeks ago, were slightly firmer at 166¾p on turnover of 5.2m, but BP "old" and "new" were barely changed in extremely thin trading ahead of the MMC decision on whether the KIO may be forced to alter its near 22 per cent stake in the British oil group.

LASMO settled 6¼ off at 550p on turnover of 1.2m but Enterprise were an erratic market and dropped to 639p before being chased back up to end the session a net 11 higher at 655p – turnover here was 1.4m.

BOC traded on a quietly firm note, nudging a few pence higher to close at 410p. Following recent contact with the company, BZW suggest that trading is proceeding very much on target and that its pre-tax profits forecast of £330m for the year ended September 1988 is well within the company's sights.

BOC is due to report its full year figures on November 14 and BZW say that with the shares towards the bottom of their two year range in P/E relative terms, the run up to the results could well refocus attention on the stock.

Commenting on the group's currency position, BZW point out that BOC uses period-end exchange rates for translation of profits from its overseas subsidiaries. American profits in 1987/88 were protected by forward dollar sales on the basis of current rates ($1.67) and BOC is unlikely to suffer any significant impact on the dollar, despite the lack of forward cover in 1988/89.

International stocks lacked business of any size and Glaxo, inclined firmer initially, drifted back on the appearance of a US seller to close with little variation at 1048p. Reckitt and Colman put on a better performance and ended 9 to the good at 877p; dealers found it difficult to pinpoint a specific reason for the rise but suggested that the shares had been overlooked, particularly in view of the group's brand names.

Business in the insurance areas was mostly confined to the life sector where Sun Life dropped to 985p prior to ending the session a net 5 lower at 1000p ahead of Thursday's egm at which shareholders will be asked by the Sun Life board to approve the proposed share exchange with French group UAP. Transatlantic, the holder of a 27 per cent stake in Sun Life, said yesterday it had "not decided which way to vote at Thursday's meeting" but would "reach a decision after an assessment of general shareholder and institutional support or otherwise for the proposals".

Also in lifes, Abbey, whose chairman last week said there was no evidence of stake-building in the stock, ran back 6 to 314p on turnover of 2.6m, which included a single trade of 1m shares at 315p. Abbey's interim figures are expected on October 10.

Refuge Assurance and Britannic, among last week's best performers in the insurance sector, came under selling pressure to close down 6 and 4 at 474p and 371p respectively despite persistent talk that merger between the two groups could be on the cards. Britannic has a near 7.3 per cent stake in Refuge while the latter is thought to hold some 1.4m shares in Refuge.

Bass nudged higher to 756p after advice from Flemings Research to switch from Guinness, which hovered around 313½p. Greenall Whitley featured regional Breweries following rumours that the company may sell the Belfry Hotel, home of the Ryder Cup golf classic. Marketmakers treated the suggestion scornfully, but the shares still closed 10 up at 235p.

A week-end press report suggesting Britain is near to signing a £1.5bn arms contract with Malaysia triggered revived demand for British Aerospace; the shares moved ahead in volume of some 1.8m shares to close 7 dearer at 474p. Pilkington encountered occasional interest ahead of an institutional visit to the company today and rose a couple of pence to 202p, while US buying contributed to a reasonable trade in British Airways, which settled a shade dearer at 158p after turnover of 1.5m shares.

Annual profits of £9.3m, compared with £6.8m, and a proposed share split lifted Parker Knoll 45 to 975p and, Metal Box, a current speculative favourite, gained 3½ to 231p amid talk of a possible bid from Williams Holdings.

The retailing sector failed to produce any major features. Recent takeover favourite Sears fell 3 to 131p on much reduced turnover of 3.3m – "for the time being all the interest in Sears has gone away", said one trader.

Cable & Wireless continued to attract keen support with County NatWest the latest of the major securities houses to increase their profits forecast for the telecoms group.

C & W shares rose 5 to 379p on turnover of 2.3m. County's Patrick Wellington and Iain Johnston increased their forecasts to £430m in 1988/9 and £555m in 1989/90 and rate the shares a "strong buy" on the back of buoyant trading around the group and upgraded estimates at Mercury.

Ferranti were active and moved up 2 to 91p as 3.1m shares traded following the death of Basil de Ferranti, former chairman who controlled a substantial number of shares in the company.

Plessey, after a visit by analysts to the group's research facility at Roke Manor and a presentation today covering Plessey's plans for acquiring Hoskyns, were 3 up at 155½p.

Bid hopes resurfaced in Vickers and the shares raced ahead in busy trading to close 9½ higher at 174½p. Once again, the speculation centred on Adelaide Steamship which, via market purchases last week, is believed to have increased its holding in Vickers above the disclosable level of 5 per cent.

Among other Engineerings, Ash and Lacy featured a rise of 10 at 715p in response to the interim figures.

Good Interim figures left Turriff a few pence better on the day at 308p, but failed to sustain Steetley which drifted back to close 5 lower at 324p. Baggeridge Brick advanced 12 to 267p on the appearance of a single buyer in what was described as a "tightly held" market.

The award of a contract from BAe, worth $500m over the next twenty years, for the main landing gear of the new series of Airbus Industrie A330/340 airliners, pushed Dowty higher to 207p. Lucas Industries also rebounded, closing 6 up at 565p, after the acquisition of Utica Power Systems Inc. for $40m, while Lex Service recovered 7 to 363p.

A lacklustre session in the Property sector left many quotations slightly lower. Local London, in contrast, remained in the spotlight with another strong surge of 20 to 525p. The market continued to speculate on an outright bid from Brent Walker.

Cambrian & General Securities responded to a US report of progress in the Ivan Boesky affair; the ordinary went to a 1988 high of 94p while the Capital shares rose 10 to 125p.

Turnover in the traded options market came out at 25,963 made up of 19,321 calls and 6,642 puts. Of these the FT-SE accounted for 1,293 calls and 1,353 puts. There was another big turnover in Trusthouse Forte, where there were 3,183 calls and only 197 puts, reflecting continuing takeover speculation in the underlying shares.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 38

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (44).
BRITISH FUNDS (2) Treas. 2pc IL '90, Treas. 2½pc IL 2003, AMERICANS (8) Ameritech, Amdahl, Anheuser-Busch, BankAmerica, Bell Atlantic, Chase Manhattan, Imatco, US West, BANKS (1) Wells Fargo, BREWERS (1) Merrydown, BUILDINGS (2) Int'l. Ameo, Latham (J.), CHEMICALS (5) BASF, Dotmar, Hoechst, Norsk Hyd. 'B', Schering, STORES (1) Goldberg (A.), ELECTRICALS (2) Isoped Int'l., Pifco, Do. 'A', ENGINEERING (1) Thyssen, FOODS (2) Clifford's Dairies, INDUSTRIALS (5) AGA AB, Armour Tst., Eng. China Clays, Parker Knoll 'A', Wassall, INSURANCE (1) Alexander & Alexander, LEISURE (2) Piccadilly Radio NV, Radio Clyde, MOTORS (1) Volvo, PAPERS (1) Crown Comms., PROPERTY (1) Ests. & Gen., SHIPPING (1) Golaas, TRUSTS (6) Cambrian & Gen., Do. Cap., Gartmore European, TR North America, Baltica Hldgs., OILS (1) Hamilton Oil.
NEW LOWS (30).
CANADIANS (2) Can. Pac. 4pc Deb., Energex Minerals, STORES (2) Menzies, Tie Rack, Underwoods, ELECTRICALS (3) Koda Int'l., MBS, Sunleigh Elect., FOODS (3) Acatos & Hutcheson, Nichols (Vimto), Sainsbury (J.), INDUSTRIALS (5) Rolfe & Nolan, Sheldon Jones, Shiloh, Utd. Guarantee, Wade Potts., LEISURE (1) A & M Grp. 10pc Cv Uns. 1998, PAPERS (1) City of Lon. PR., PROPERTY (2) Connells Est. Agts., Dukeminster, SOUTH AFRICANS (1) SASOL, OILS (2) Adelaide Pet., Firstland Oil, MINES (3) Grootvlei, Kinross, Harmony, Ang. Am. Gold, Brunswick, THIRD MARKET (2) Caldwell Instr., Ovoca Gold.

APPOINTMENTS

Peter Cazalet to join GKN

■ Mr Peter G. Cazalet has been appointed a non-executive director and deputy chairman of GKN from January 1. He is currently deputy chairman and managing director of the British Petroleum Co. He was appointed to the main board of British Petroleum in 1981 and became deputy chairman and managing director in 1986.

■ Mr Michael Cooper-Evans, president of JWT EUROPE, will become its chairman on January 1. Mr Dominique Simonin, currently chairman of JWT Italia, will become regional president of JWT Europe on January 1. He will also be chairman and chief executive of JWT Germany and president of JWT Italia. Mr Miles Colebrook, managing director of JWT London, will become a regional president of JWT Europe from January 1. He will remain managing director of JWT London. Mr Jim Allman, general manager, JWT Milan, will become chief executive JWT Italia on October 1. Mr Chris Jones, a director of JWT London, will become deputy managing director of JWT London from October 1.

■ CELTIC ASSET MANAGEMENT has appointed Mr Alan Coombs a director. He was financial planning manager with the Sun Alliance Group.

BRITISH TELECOM has appointed Mr Richard Marriott as its first director of strategic relations from October 24. He joins from IBM Europe, where he is UK director, commercial and industry relations.

■ WATES CONSTRUCTION has made Mr Malcolm Fairclough, marketing manager, its marketing director.

■ Mr Terence Bramble has been appointed director of marketing for THOMAS GOODE & CO. He joins from Tiffany & Co. where he helped to set up its corporate division.

■ WARNER LAMBERT (UK), an affiliate of Warner Lambert Company, has appointed Mr Erich L. Hahn as president and chief operating officer for the UK, Ireland and Scandinavia. He was previously employed by Schering Plough Corporation as the international division vice president responsible for the UK and other Commonwealth countries.

■ Mr Sebastian Rathbone joins the main board of COMPREHENSIVE FINANCIAL SERVICES as deputy chairman. Mr John Leigh and Mr Roy Morris also become members of the main board.

■ The BURNS-ANDERSON GROUP has made the following appointments: Mr Colin Redman, formerly head of life, pensions and financial services operations of the NFU Mutual and Avon Insurance Group, has been made a director. Mr Alan Gunner has been appointed deputy group finance director. He joins from Horne Bros where he was finance director.

■ MASSEY-FERGUSON TRACTORS has appointed Dr Frank Cunliffe as engineering director at the company's Coventry plant. He joins from the Rosyth Royal Dockyard where he has been leading a special projects team.

■ Mr Arthur Hill has been appointed sales and marketing director for LINCOLN HOUSE FURNISHINGS. He was UK sales director for the wallcoverings division of Coloroll.

■ Mr Terry Donovan, formerly of Timeplex UK, has been appointed managing director of CASE COMMUNICATIONS, a Dowty Group subsidiary.

■ Mr Marcus Gregson has been made managing director of the private banking unit of ROYAL TRUST BANK. He was formerly with Hagen & Co and Manufacturers Hanover. Mrs Kimberly Ochsenschlager has been appointed regional director of private banking. She joins from Harris Trust and Savings Bank, Chicago. Mr Robert Molton and Mr Peter Roberts have been appointed to the board.

■ MILLHOUSE, designers of simultaneous multi-protocol converters, has appointed Mr Bill Joss as managing director. He was formerly sales and marketing director at Datatech.

■ Mrs Eileen Duncan has become company secretary at LANDLEISURE. Mr Jonathan North, the former company secretary, remains a non-executive director.

■ Mr A. Stern, formerly group treasurer of Dixons, has been appointed director of tax and treasury of BASS.

■ Mr Peter Elwes is made a non-executive director of EUROPA MINERALS. He is a director of Kleinwort Benson.

■ MATTHEW CLARK & SONS has appointed Mr A.B. Grayson as a director. He is managing director of its subsidiary J.E. Mather and Sons.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Intervention caps dollar's rise

INTERVENTION BY central banks capped the dollar's rise at around DM1.89 yesterday, but the scale was not large, and the action appeared to be simply a signal of intent to prevent any sudden surge in the value of the currency.

Speculative buying of the dollar was seen in Sydney, and after a quiet session in Tokyo, the US currency advanced again in early European trading.

Remarks by West German officials, after the Group of Seven meeting in West Berlin at the weekend, tended to support the dollar, and dealers saw no reason to counter the bullish undertone.

A communique from the G7 meeting contained no surprises, and merely indicated the wish of the major industrial nations to maintain stability on the foreign exchanges.

Mr Karl Otto Poehl, president of the Bundesbank, pointed towards a possible appreciation of the dollar against the D-Mark, but said German monetary policy should be directed at countering such a move.

An official from the West German Finance Ministry said he saw no need for intervention. This provided the dollar with a boost, but was then followed by co-ordinated dollar sales, involving the Bundesbank, US Federal Reserve, and several other central banks.

These included the Bank of England; Bank of France; Bank of Italy; Bank of Canada; Swiss National Bank; and Belgian National Bank, and appeared to be entirely aimed at supporting the D-Mark against the dollar.

The dollar touched a peak of DM1.8910, and then fell back to close at DM1.8830, but was still higher than Friday's finish of DM1.8750.

The dollar also rose to Y134.65 from Y134.45; to SFr1.5935 from SFr1.5850; and to FFr6.4075 from FFr6.3875.

On Bank of England figures the dollar's exchange rate index rose to 100.0 from 99.7.

Intervention by the Bank of England did not appear to be on a large scale, as sterling held reasonably steady. The pound lost ground to the dollar and the yen, but recovered from a weak opening against the D-Mark, and finished firmer on the day in terms of Continental currencies.

Sterling's performance was reasonably encouraging, given the uncertainties surrounding the currency, involving the UK trade figures and the price of oil.

There is a very wide range of forecasts for today's August trade figures. The current account deficit is expected to remain large, but should be below the July shortfall of £2.15bn, according to most estimates.

Oil prices hovered around $13 a barrel, as oil ministers from Opec met in Madrid in a bid to cut production and support market prices.

The pound fell 45 points to $1.6670, and weakened to Y224.50 from Y224.75, but rose to DM3.1375 from DM3.1350; to SFr2.6575 from SFr2.6500; and to FFr10.6825 from FFr10.6775.

FINANCIAL FUTURES

UK bond prices higher

STERLING DENOMINATED prices finished on a firmer note in yesterday's Liffe market, underpinned by sterling's recovery from the day's lows. However traders detected a note of caution ahead of today's release of UK trade figures for August.

The December short sterling price opened at 87.83, slightly down from 87.85 on Friday, but rose to finish at the day's high of 87.95.

The long gilt contract acted in much the same way, opening at 94-21, which proved to be the day's low, and moving up to 94-29 at the close, against on 94-19 on Friday.

US Treasury bond futures retreated sharply from an firmer opening, as the dollar lost ground on central bank intervention. The outcome of the latest G7 meeting - stressing currency stability - was greeted as something of an anti-climax by investors in US bonds. Nevertheless, dealers stressed that there is likely to be fairly strong support around the 87-14 level.

THREE-MONTH EURODOLLAR (IMM)

$1m points of 100%

	Latest	High	Low	Prev.
Dec	91.29	91.32	91.27	91.30
Mar	91.31	91.34	91.30	91.33
Jun	91.12	91.14	91.11	91.12
Sep	90.88	90.91	90.87	90.89
Dec	90.68	90.71	90.67	90.69
Mar	90.68	90.70	90.68	90.69
Jun	90.61	90.61	90.60	90.62
Sep	90.53	90.56	90.53	90.55

SWISS FRANC (IMM)

SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Dec	0.6344	0.6361	0.6326	0.6389
Mar	0.6406	0.6415	0.6390	0.6455
Jun	0.6485	0.6485	0.6466	0.6531

STANDARD & POORS 500 INDEX

$500 times index

	Latest	High	Low	Prev.
Dec	271.95	272.10	271.20	272.25
Mar	274.30	274.45	273.75	274.70
Jun	276.70	-	276.50	276.85

EUROPEAN OPTIONS EXCHANGE

Series		Oct 88 Vol	Last	Jan 89 Vol	Last	Apr 89 Vol	Last	Stock
NEDLLOYD P	Fl. 220	70	4.10	50	10.40	2	15.10	Fl 222
NAT NED C	Fl. 70	-	-	16	1.70	619	3	Fl 64.40
NAT NED. P	Fl 65	55	1.50	-	-	10	3.70	Fl 64.40
PHILIPS C	Fl 35	114	0.30	55	1.40	14	2.20	Fl. 32.50
PHILIPS P	Fl 30	524	0.30	143	1.10	100	2.20	Fl 32.50
ROYAL DUTCH C	Fl 230	317	1.90	387	6.90	46	11.20 A	Fl 223
ROYAL DUTCH P	Fl 230	643	B	627	10	-	-	Fl 223
UNILEVER C	Fl 120	733	1.10	95	3.90	3	6.80	Fl 114.80
UNILEVER P	Fl 110	47	1	61	4	17	5.80	Fl 114.80
VAN OMMEREN C	Fl 30	15	0.80	7	2	63	3	Fl 30.10
VAN OMMEREN P	Fl. 30	-	-	41	1.60	7	2	Fl 30.10

TOTAL VOLUME IN CONTRACTS 21,992

A - Ask B - Bid C - Call P - Put

BASE LENDING RATES

	%		%		%
ABN Bank	12	City Merchants Bank	12	NatWestminster	12
Adam & Company	12	Clydesdale Bank	12	Northern Bank Ltd	12
AAB - Allied Arab Bk	12	Comm. Bk. N. East	12	Norwich Gen. Trust	12
Allied Irish Bank	12	Co-operative Bank	*12	PRIVATbanken Limited	12
● Henry Ansbacher	12	Coutts & Co	12	Provincial Bank PLC	13
ANZ Banking Group	12	Cyprus Popular Bk	12	R. Raphael & Sons	12
Associates Cap Corp	12	Dunbar Bank PLC	12	Roxburghe G'rantee	12½
Authority Bank	12	Duncan Lawrie	12	Royal Bk of Scotland	12
● B & C Merchant Bank	12	Equatorial Bank plc	12	Royal Trust Bank	12
Banco de Bilbao	12	Exeter Trust Ltd	12½	● Smith & Williamson Secs.	12
Bank Hapoalim	12	Financial & Gen. Bank	12	Standard Chartered	12
Bank Leumi (UK)	12	First National Bank Plc.	13	TSB	12
Bank Credit & Comm.	12	● Robert Fleming & Co.	12	UDT Mortgage Exp	‡12.75
Bank of Cyprus	12	Robert Fraser & Ptnrs.	12½	United Bk of Kuwait	12
Bank of Ireland	12	Girobank	12	United Mizrahi Bank	12
Bank of India	12	● Guinness Mahon	12	Unity Trust Bank Plc	12
Bank of Scotland	12	HFC Bank plc	12	Western Trust	12
Banque Belge Ltd	12	● Hambros Bank	12	Westpac Bank Corp.	12
Barclays Bank	12	Heritable & Gen Inv Bnk	12	Whiteaway Laidlaw	12½
Benchmark Bank PLC	12	● Hill Samuel	§12	Yorkshire Bank	12
Berliner Bank AG	12	C. Hoare & Co.	12		
Brit Bk of Mid East	12	Hongkong & Shangh.	12		
● Brown Shipley	12	● Leopold Joseph & Sons	12		
Business Mtge Tst	12½	Lloyds Bank	12		
CL Bank Nederland	12	Meghraj Bank Ltd	12		
Central Capital	12	McDonnell Douglas Bnk	12.5		
● Charterhouse Bank	12	Midland Bank	12		
Citibank NA	12	Mount Bnkg Corp.	12		
		Nat Bk. of Kuwait	12		

● Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 4.38%. Sarewise 7.16%. Top Tier-£10,000+ Instant access 9.0% ‡ Mortgage base rate. § Demand deposit 7%. Mortgage 12.375% - 12.75%

MONEY MARKETS

Rates down despite nervous tone

INTEREST RATES eased slightly in late London trading yesterday, as sterling recovered from the day's lows. The pound's firmer tone was largely a reflection of concerted intervention to suppress the dollar.

Trading volume remained thin ahead of today's release of UK trade figures for August. Most traders are cautiously optimistic that today's figures will show some improvement over July's record current account shortfall, but investors are also cautious, because Mr Nigel Lawson, Chancellor of the Exchequer, has already suggested that the current account deficit would probably be the last economic statistic to show an improvement.

UK clearing bank base lending rate 12 per cent from August 25 & 26

The key three-month interbank rate was quoted at 12¼-12 p.c. compared with 12⅛-12 p.c., while the one year rate finished at 12¼-12⅛ p.c. from 12⅜-12¼ p.c.

The Bank of England forecast a surplus of around £350m, with factors affecting the market including bills maturing in official hands and a take up of Treasury bills, together with repayment of any late assistance, draining £488m. These were more than offset by Exchequer transactions, which added £100m, and a fall in the note circulation of £460m. In addition, banks brought forward balances £280m above target.

The forecast was revised to a surplus of around £100m, but there was no intervention by the Bank during the morning. During the afternoon, the forecast was revised once more, this time to a surplus of around £150m, and the Bank took out the surplus by selling £121m of Treasury bills at 10⅞-10¾ p.c., unwinding on September 30.

By contrast, interest rates in Frankfurt reversed an easier trend in early trading, as further demands were made on short-term liquidity. Call money opened on an easier note at 4.75 p.c., but moved back in later trading, as commercial banks gathered funds in anticipation of payments for the latest round of Government pensions, estimated to drain at least DM5bn from the market.

COMPANY NOTICES

MINORCO

NOTICE TO HOLDERS OF BEARER SHARE CERTIFICATES PAYMENT OF COUPON NO.2

With reference to the notice of proposed final dividend advertised in the press on September 21, 1988 the following information is published for the guidance of holders of bearer share certificates.

The dividend of 20 cents was declared in United States currency. Subject to the approval of shareholders at the Annual General Meeting on November 10, 1988, the dividend will be paid on or after November 14, 1988, against surrender of Coupon No.2 detached from bearer share certificates as follows:

(a) at the offices of the Corporation's Continental paying agents:-
Banque Generale du Luxembourg
14, rue Aldringen
Luxembourg City
Grand Duchy of Luxembourg

Credit du Nord
6-8 Boulevard Haussmann
75009 Paris

(b) at the London Securities Department of Hill Samuel & Co. Limited, 45 Beech Street, London, EC2P 2LX. Unless persons depositing coupons at such office request payment in United States dollars (in which case they must comply with any applicable Exchange Control regulations), payment will be made in United Kingdom currency either:-

(i) in respect of coupons lodged on or prior to November 7, 1988, at the United Kingdom currency equivalent of the United States currency value of their dividend on November 1, 1988; or

(ii) in respect of coupons lodged on or after November 8, 1988, at the prevailing rate of exchange on the day the proceeds are remitted to the London Securities Department of Hill Samuel & Co. Limited.

Coupons must be left for at least four clear days for examination (eight days if payment in United States currency has been requested) and may be presented any weekday (Saturday excepted) between the hours of 10 a.m. and 3 p.m.

United Kingdom income tax will be deducted from payments to any person in the United Kingdom in respect of coupons deposited at the London Securities Department of Hill Samuel & Co. Limited, unless such coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deduction is made, the net amount of the dividend, after deducting United Kingdom income tax at 25% will be 15 cents (United States) per share.

In the case of payments made in United Kingdom currency the sterling equivalent of the net dividend will be calculated in accordance with sub-paragraph (b) above.

Copies of the 1988 Annual Report of Minorco will be available after October 12, 1988 from the Registered Office of the Corporation and the offices of the paying agents referred to above.

By Order of the Board

D. E. Fisher
Secretary.

September 27, 1988

COMPANY NOTICES

Johannesburg Consolidated Investment Company, Limited

(Incorporated in the Republic of South Africa)
Registration No. 01/00429/06

Abridged notice of annual general meeting

The annual general meeting of ordinary shareholders of Johannesburg Consolidated Investment Company, Limited will be held in the board room, Consolidated Building, corner Fox and Harrison Streets, Johannesburg on Wednesday, 19 October 1988 at 12 noon.

In addition to the ordinary business of the meeting, special business pertaining to the conversion of the authorised but unissued S ordinary shares of R2 each into ordinary shares of R2 each, to the placing of the said unissued shares under the control of the directors, and to the allotment and issue, from time to time, of shares to salaried directors of the Company, to enable them to exercise the options granted to them to subscribe for or purchase shares in the Company in terms of the provisions of the share option scheme, as set out in the notice to members, will be conducted at the annual general meeting.

The transfer books and register of members of the Company will be closed from 13 to 19 October 1988 both days inclusive.

Any member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and speak and, on a poll, to vote in his stead. A proxy need not be a member of the Company. For the convenience of registered members of the Company, a form of proxy will accompany the annual report. Proxy forms must be deposited at the registered office of the Company not less than 24 hours before the time appointed for the holding of the meeting, or at the offices of the London secretaries not less than 48 hours before the time appointed for the holding of the meeting.

Holders of share warrants to bearer who wish to attend in person or by proxy and vote at the meeting are required to comply with the regulations of the Company relating to share warrants. Copies of the regulations are available on application.

By order of the Board
M.J. Meyer
Secretary

Registered Office:
Consolidated Building
cor. Fox and Harrison Streets
Johannesburg 2001
(Postal address:
Box 590, Johannesburg 2000)

London Secretaries:
Barnato Brothers Ltd
99 Bishopsgate
LONDON EC2M 3XE

26 September 1988

Copies of the annual report and accounts may be obtained from the London Secretaries.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Anthony Wieler Unit Tst Mgmt Ltd (1000)F
19 Widegate St, London E1 7HP 01-377 1010

Growth Income	5	102.1	104.7	111.4	.....	1.4
Do Accum	5	143.6	147.2	156.6	.....	1.4
Quarterly Income	5	52.07	53.67	57.10	.....	7.0

Arkwright Management (1400)F
1 King St, Manchester M60 3AH 061-832 0242

Growth Sept 20	5	90.60	90.60	96.38	.....	2.32
Income Sept 20	5	45.34	46.08	49.02	.....	5.02

Buckmaster Mangmt Co Ltd (1200)H
The Stock Exchange, London EC2P 2JT 01-588 2868

Emerging Gwth	5	58.14	59.62	63.26	+0.01	1.80
(Accum Units)	5	58.57	60.07	63.73	.....	1.80
Fellowship Tst	5	58.07	59.68	63.32	-0.04	1.95
(Accum Units)	5	59.18	60.82	64.53	-0.04	1.95
General Inc	5	253.3	253.3	267.9	+1.0	3.06
(Accum Units)	5	418.4	418.4	442.5	+1.6	3.06
Income	5	133.1	137.6	146.0	+1.4	4.60
(Accum Units)	5	250.8	259.1	274.9	+2.5	4.60
International	5	105.7	105.7	111.8	+0.2	1.88
(Accum Units)	5	143.3	143.5	151.5	+0.3	1.88
Smaller Co's	5	95.28	97.64	103.6	.....	1.80
(Accum Units)	5	103.5	106.0	112.5	.....	1.80
Inc Portfolio	2½	47.06	48.58	50.08	+0.9	4.00

London & Manchester (Tst Mgmt) Ltd (1000)H
Winslade Park, Exeter EX5 1DS 0392 282673

American	5	30.23	30.56	32.44	-0.08	0.8
General	5	47.58	47.83	50.77	+0.12	3.6
Income	5	42.92	43.33xd	46.00	+0.18	6.0
International	5	35.39	35.70	37.90	-0.09	0.9
Japan	5	49.69	49.93xd	53.00	+0.02	—
Tst of Inc Trusts	5	35.19	35.47	38.19	+0.11	2.0

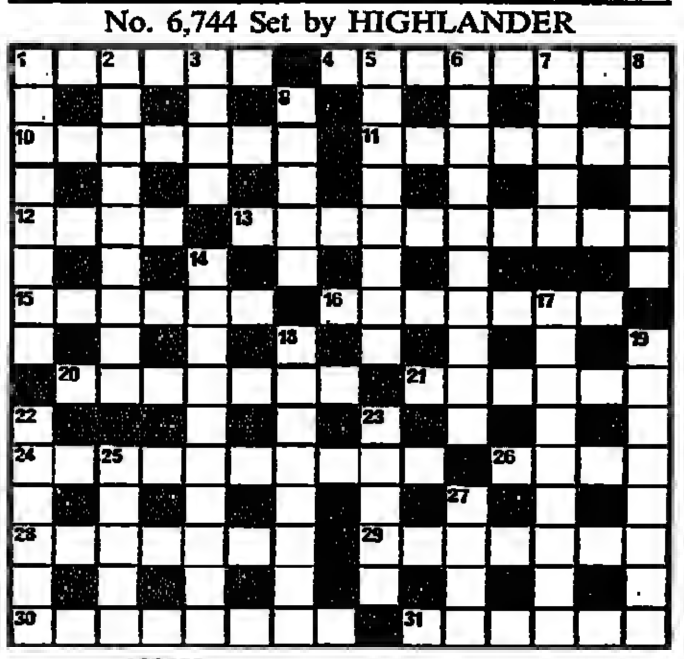
I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD
Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO

FT 30	FTSE 100	WALL STREET
Sep. 1437/1436 -1	Sep. 1781/1791 -1	Oct. 2087/2099 -4
Dec. 1449/1958 -3	Dec. 1976/1806 -3	Dec. 2092/2104 -4

Prices taken at 5pm and change is from previous close at 9pm

CROSSWORD

No. 6,744 Set by HIGHLANDER



ACROSS
1 Bar girl with nothing on (6)
4 Purchase right back: move succeeds (8)
10 Bank employee takes drum out (7)
11 Will rotate to plant (7)
12 Fellow will accept one to become principal (4)
13 A nice thump perhaps, but lacking force (10)
15 Problem doesn't start with foreign currency (6)
16 Before spinster can make statement with logical conclusion.... (7)
20 ....she's confused by Scots name for German fabric (7)
21 It shows the latitude given to successful student (6)
24 Intelligence value unknown but of enough interest to be reported (10)
26 One in the past creating Shakespearean character (4)
28 Paul is wrong about border plant (7)
29 Engineers were wrong, they say, to cancel (7)
30 Some charges rise out of control at first; these are left (8)
31 Vessel left unfinished? Nonsense (6)

DOWN
1 Stated thus, a further tree is required (8)
2 Girl has one duet, badly arranged through tiredness (9)
3 Don't include it under doctor's turnover (4)
5 Flower bringing back memories for two girls (8)
6 Tool starts to scratch: criticise severely (4,6)
7 Small stretch in the water has been rented out (5)
8 In charge of letter about it making announcement (6)
9 Weight-lifter given the bird (5)
14 Welsh constituents discovered about injury (5,5)
17 Bill goes in, riding the waves, rising out of the water (9)
18 Freight vehicle with one gear change (8)
19 Obliged to look at two points.... (8)
22 ....two points: one for each marksman (6)
23 Chance getting run in – get a drink (5)
25 It was wrong to cause delays (5)
27 Large land mass like India's boundaries (4)

Solution to Puzzle No.6,743

GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust information pages is being expanded to improve the service to readers and to conform with new legislation.

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♣ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes are contained in the last column of the FT Unit Trust information pages.

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

TSB Unit Trusts (y)

[illegible]

Target Trust Mngrs Ltd

[illegible]

Templeton Unit Trust Managers Ltd

[illegible]

Thornton Unit Managers Ltd

[illegible]

Touche, Remnant Unit Tst Mngt Ltd

[illegible]

Trades Union Unit Tst Mngrs

[illegible]

Triton Fd Mngrs. Ltd.

[illegible]

Tyndall Unit Tst Mngrs Ltd

[illegible]

UK Unit Trust Managers Ltd

[illegible]

Unit Trust Account & Mgmt Ltd

[illegible]

United Charities Unit Trusts

[illegible]

Vanguard Trust Mngrs Ltd

[illegible]

Wardley Unit Tst Mngrs Ltd

[illegible]

Waverley Unit Tst Mngmt Ltd

[illegible]

Wellington Fund Mngrs Ltd

[illegible]

Whittingdale Unit Tst Mgmt Ltd

[illegible]

Windsor Trust Mngrs Ltd

[illegible]

Wright Seligman Fund Mngrs Ltd

[illegible]

The Yorkshire Unit Tst Mngrs Ltd

[illegible]

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

[illegible]

Charities Official Invest. Fund

[illegible]

Edinburgh Fund Mngrs PLC

[illegible]

Robert Fleming & Co Ltd

[illegible]

Foreign & Colonial Fund Mngt Ltd

[illegible]

Funds in Court

[illegible]

Henderson Unit Trust Management Ltd

[illegible]

Lazard Investors Ltd

[illegible]

Local Authorities Mutual Invest. Tst.

[illegible]

MIM Ltd

[illegible]

Murray Johnstone UT Mngmt

[illegible]

New Court Property Fund Managers

[illegible]

Phillips & Drew Fnd Management

[illegible]

J. Rothschild Fund Managers Ltd

[illegible]

INSURANCES

AA Friendly Society

[illegible]

Abbey Life Assurance Co Ltd

[illegible]

Abtrust Management Ltd

[illegible]

AEtna Life Insurance Co Ltd

[illegible]

Albany Life Assurance Co Ltd

[illegible]

Allied Dunbar Assurance Plc

[illegible]

Ambassador Life Assce. Co. Ltd

[illegible]

American Life Insurance Co UK

[illegible]

Barclays Life Assur. Co Ltd

[illegible]

Black Horse Life Ass. Co Ltd

[illegible]

Britannia Life

[illegible]

Canada Life Group

[illegible]

Cannon Assurance Ltd

[illegible]

City of Edinburgh Life Assurance

[illegible]

Clerical Medical/Fidelity International

[illegible]

Clerical Medical Investments Group

[illegible]

Colonial Mutual Group

[illegible]

Combined Insurance Co of America

[illegible]

Commercial Union Group

[illegible]

Continental Life Insurance PLC

[illegible]

Cornhill Insurance PLC

[illegible]

Criterion Assurance Group

[illegible]

Crown Financial Management Ltd

[illegible]

Crusader Insurance Plc

[illegible]

Devonshire Life

[illegible]

Eagle Star Insurance Co Ltd

[illegible]

Economic Insurance Company Ltd

[illegible]

Equitable Life Assurance Society

[illegible]

Equity & Law

[illegible]

FS Assurance Limited

[illegible]

Framlington Life Insurance Ltd

[illegible]

Friends' Provident

[illegible]

GT Management Ltd

[illegible]

General Accident Linked Life Assurance

[illegible]

General Portfolio Life Ins. Plc

[illegible]

Homeowners Friendly Society

[illegible]

Imperial Trident Life Ltd

[illegible]

Assicurazioni GENERALI SpA

[illegible]

Gresham Unit Assurance Ltd

[illegible]

Growth & Sec. Life Assce. Soc. Ltd

[illegible]

Guardian Royal Exchange

[illegible]

Hearts of Oak Insurance Group

[illegible]

Henderson Administration

[illegible]

Hill Samuel Life Assur. Ltd

[illegible]

Interlife Assurance Co. Ltd.

[illegible]

Irish Life Assurance Co Plc

[illegible]

The LAS Group

[illegible]

Lancashire & Yorkshire Assce. Society

[illegible]

Legal & General (Unit Assur.) Ltd

[illegible]

Legal & General (Unit Pensions) Ltd

[illegible]

Liberty Life Assurance Co Ltd

[illegible]

London & Manchester Group

[illegible]

London Indemnity & Gnl. Ins. Co Ltd

[illegible]

London Life

[illegible]

M & G Life and M & G Pensions

[illegible]

MGM Assurance

[illegible]

Manufacturers Life Insurance Co

[illegible]

Merchant Investors Assurance Co Ltd

[illegible]

Midland Life Limited

[illegible]

Municipal Life Assurance Ltd

[illegible]

NEL Britannia Assce Co Ltd

[illegible]

NEL Pensions Ltd

[illegible]

NM Schroder Life Assurance Ltd

[illegible]

National Mutual Life

[illegible]

National Provident Institution

[illegible]

Norwich Union Asset Management Ltd

[illegible]

Norwich Union Life Insurance Soc.

[illegible]

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Pearl Assurance (Unit Funds) Ltd

252 High Holborn, London WC1V 7EB 01-405 8441

	Bid Price	Offer Price	+ or -	Yield Gross
Prop Dist (Gross)	176.3	185.8	+0.1	-
Prop Acc (Gross)	285.6	300.7	+0.1	-
Equity (Gross)	649.4	683.6	+1.7	-
Managed (Gross)	467.7	492.4	+1.3	-
Prop. Acc. (Net)	132.0	139.0	+0.1	-
Equity (Net)	152.1	160.2	+0.3	-
Managed (Net)	143.9	151.3	+0.3	-
International (net)	131.7	138.7	+0.1	-
Gilt & Fxd Interest	99.3	109.8	+0.4	-
Money Fund	101.0	106.3	+0.1	-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	441.5	464.8	+1.4	-
Ret Man (Series 2)	149.8	157.7	+0.5	-
Ret Man (Series 3)	98.5	98.5	+0.3	-
Ret Cash	125.0	131.0	+0.1	-
Ret Cash (Series 3)	102.5	102.5	+0.1	-

Phoenix Assurance Co Ltd

Phoenix House, Redcliff Hill, Bristol 0272 294941

	Bid Price	Offer Price	+ or -	Yield Gross
Life Assurance Funds				
Wealth Assd	386.7	407.1	+0.2	-
Eq'ty Ph Eq	329.4	350.5	----	-
Pension Plan Funds				
Phoenix				
UK Equity Acc	167.1	175.8	----	-
International Acc	142.9	150.4	+0.5	-
Property Acc	148.5	156.3	+0.2	-
Fixed Interest Acc	155.7	163.8	+0.5	-
Money Acc	144.4	151.9	+0.1	-
Bldg. Soc. Link Acc	141.1	148.5	----	-
Special Mnged Acc 0	152.6	160.0	+0.3	-
Phoenix/Framlington				
Intl Growth Acc	89.00	93.60	+0.10	-

Provident Life Assoc Ltd

Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Unit Fund	884.0	928.2	-0.8	-
Equity Fund	149.8	209.8	-0.5	-
International Fd.	132.8	139.4	+0.0	-
Fixed Interest Fd	149.3	156.8	+0.3	-
Property Fund	172.7	181.3	----	-
Index-Linked Fund	125.0	131.3	+0.5	-
Deposit Fund	130.2	136.7	+0.0	-
Pens. Mixed (Ord) Fd.	204.3	214.7	+0.2	-
Gold Pensions				
Discretionary Fund	99.2		+0.2	-
Equity Fund	97.0		+0.0	-
Fixed Interest Fund	102.0		+0.4	-
International Fund	99.3		+0.0	-
Property Fund	100.0		----	-
Index-Linked Fund	101.9		+0.3	-
Deposit Fund	102.0		+0.1	-
S & F Consolidation	100.7		+0.2	-
S & F Balanced	98.5		+0.3	-
S & F Maximum Growth	94.3		+0.4	-

Provident Mutual Life Assc. Assn.

Whitan Rd, Hitchin, Herts SG4 0LP 0438 739000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	283.6	298.5	+0.6	-
Managed Init	233.4	245.7	+0.4	-
Equity Ord	394.2	414.9	+1.4	-
Equity Init	324.5	341.6	+1.2	-
Index Linked Gilt Ord	123.5	130.0	+0.2	-
Index Linked Gilt Init	106.2	111.8	+0.2	-
Overseas Equity Ord	257.5	271.1	-	-
Overseas Equity Init	211.9	223.1	-0.1	-
Property Ord	172.5	181.0	-	-
Property Init	142.0	149.5	-	-
Fixed Interest Ord	169.2	178.1	+0.4	-
Fixed Interest Init	139.3	146.6	+0.4	-
Deposit Ord	136.2	143.4	+0.1	-

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

UK LISTED

OFFSHORE INSURANCES

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988 High	1988 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
99[illegible]	83[illegible]	Redemption 3pc 1986-96	99[illegible]	.....	–	–
100[illegible]	99[illegible]	Treas. 9½pc '88	99[illegible]xd	.....	9.52	11.64
102[illegible]	99[illegible]	Treas 11½pc 1989	100	+[illegible]	11.50	11.26
101[illegible]	98[illegible]	Treas 9½pc Cnv 1989	99[illegible]xd	.....	9.58	11.14
97[illegible]	95[illegible]	Treas 3pc 1989	96[illegible]	.....	3.11	8.61
102[illegible]	99[illegible]	Treas 10½pc 1989	99[illegible]	+[illegible]	10.56	11.10
102	98[illegible]	Exch 10pc 1989	99[illegible]	+[illegible]	10.09	11.08
103[illegible]	99[illegible]	Exch 11pc 1989	100[illegible]	+[illegible]	11.00	11.00
97[illegible]	94[illegible]	Treas 5pc 1986-89	95[illegible]xd	.....	5.25	9.79
104[illegible]	98[illegible]	Exch 10¼pc Cv '89	99[illegible]	+[illegible]	10.31	10.79
107½	102[illegible]	Treas 13pc 1990‡‡	103	+[illegible]	12.61	10.32
104[illegible]	100[illegible]	Exch 11pc 1990‡‡	100[illegible]	+[illegible]	10.92	10.34
107[illegible]	102[illegible]	Exch. 12½pc 1990	102[illegible]	+[illegible]	12.17	10.48
93[illegible]	90[illegible]	Treas. 3pc 1990	91	+[illegible]	3.30	9.13
99[illegible]	95[illegible]	Treas 8¼pc 1987-90‡‡	96[illegible]	+[illegible]	8.54	10.43
102[illegible]	95[illegible]	Treas. 8pc Cv 1990 ‡‡	97[illegible]	+[illegible]	8.21	9.57
103[illegible]	98[illegible]	Treas. 10pc Cv 1990	99[illegible]xd	+[illegible]	10.09	10.49
91[illegible]	87[illegible]	Exch 2½pc 1990	87[illegible]	+[illegible]	2.84	8.73
107[illegible]	101[illegible]	Treas 11¾pc 1991	102[illegible]	+[illegible]	11.47	10.47
95[illegible]	90[illegible]	Funding 5¾pc '87-91‡‡	90[illegible]xd	+[illegible]	6.32	9.68
90[illegible]	86[illegible]	Treas. 3pc 1991	86½	.....	3.47	8.85
105[illegible]	98[illegible]	Treas 10pc Cv '91 ‡‡	99[illegible]	+[illegible]	10.06	10.25
107[illegible]	100[illegible]	Exch. 11pc 1991	101[illegible]xd	+[illegible]	10.83	10.39
98[illegible]	92[illegible]	Treas. 8pc 1991	93½	+[illegible]	8.55	10.41
113[illegible]	105[illegible]	Treas 12¾pc 1992‡‡	106½	+[illegible]	11.97	10.33
104[illegible]	98[illegible]	Treas 10pc 1992	99[illegible]	+[illegible]	10.09	10.30
98[illegible]	92[illegible]	Treas. 8pc 1992 ‡‡	93[illegible]xd	+[illegible]	8.[illegible]	10.32
106[illegible]	99½	Treas 10½pc Cv 1992‡‡	100[illegible]	+[illegible]	10.[illegible]	10.32
86[illegible]	82[illegible]	Treas. 3pc 1992	82[illegible]	+[illegible]	3.6[illegible]	8.57
112[illegible]	104[illegible]	Exch. 12¼pc '92	105[illegible]	+[illegible]	11.[illegible]	10.33
117[illegible]	108[illegible]	Exch 13½pc 1992	109[illegible]	+[illegible]	12.[illegible]	10.35
97[illegible]	91[illegible]	Treas 8¾pc 1993	92[illegible]	+[illegible]	8.[illegible]	10.28
105[illegible]	97[illegible]	Treas 10pc 1993‡‡	99[illegible]xd	+[illegible]	10.[illegible]	10.21
115[illegible]	107[illegible]	Treas 12½pc 1993‡‡	108[illegible]	+[illegible]	11.[illegible]	10.27

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1988 High	1988 Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
45	33	Greek 7pc Ass.	45xd	.....	3.50	17.78
45	33	Do. 6pc 28 Stb. Ass.	45	.....	3	16.67
45	33	Do 4pc Mixed Ass.	45xd	.....	2	15.44
77	63	Hong '24 Ass.	77	.....	2.75	13.57
140[illegible]	128[illegible]	Hydro Quebec 15pc 2011	135[illegible]	+[illegible]	15.00	10.81
128[illegible]	118[illegible]	Iceland 14½pc Ln 2016	127[illegible]	+[illegible]	14.50	11.27
101[illegible]	94½	Ireland 9¾pc '91-96	96[illegible]	+[illegible]	9.75	10.40

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
27¼	22⅞	Texas Instr. $1	25⅛xd	+¼	72c	–	1.7
69	43¼	Time Inc $1	65⅞xd	+½	$1.00	–	0.9
21½	13⅞	Transamerica $1	21¼xd	–¼	31.84	–	5.1
20¼	14½	TRINOVA Corp	16⅛xd	......	64c	–	2.3
19	15¼	USX $1	16⅝	......	$1.20	–	4.2
23½	17⅞	Utd Technologies	23½xd	......	$1.60	–	4.0
34	26¼	US West‡	34	+1	$3.52	–	6.1
24⅝	16⅞	Waste Management $1	24¼xd	–⅛	48c	–	1.2
16⅞	12⅞	Whirlpool $1	11½	......	$1.10	–	4.2
32⅛	18¼	Woolworth $3½	32¼	+⅞	$1.64	–	3.0

CANADIANS

1988 High	Low	Stock	Price	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	173p	ABM Gold Corp §	197p	......	–	–	–
32p	11p	Abbot Energy Corp	11¼p	......	–	–	–
14¼	916p	Amer. Barrick Res.	993p	+17	–	–	–
10p	3p	American Lightwave	4½p	+1½	–	–	–
47p	12p	Armeno	12p	......	–	–	–
76p	43p	Augmitto Expln.	43p	–1	–	–	–
14¼	10⅝	Bk. Montreal §	11⅞	–¼	$2.00	–	7.0
740p	514p	Bk. Nova Scot. §	725p	–7	76c	–	5.1
18¼	15¼	BCE §	17⅞xd	–⅛	$2.44	–	6.5

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd.

INSURANCES

LEISURE

هكذا من الأصل

LONDON SHARE SERVICE

LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1988 High	Low	Stock	Price	+ or -	Div Net	Cvr	Y'ld Gr's	P/E
13½	11	Sonic Tape 2½p....y	11	-½	-	-	-	14.4
27	18	Staks Hldgs. 5p ....y	25	+1	-	-	-	4
4½	2¼	Swanyard Studios 10p y	3½	.....	-	-	-	4
298	200	Takare............y	271	...	b1.0	8.1	0.5	27.8
70	41	Theme Holdings	66	.....	ϕ1.1	ϕ	2.2	4
36	26	Tomorrows Leisure 20p y	28	-1	-	-	-	4
25	13½	Tullow Oil 10p ....y	18	....	-	-	-	-
135	110	UPL Group 10p......y	110	.....	L2.41	4.3	2.9	15.0
183	120	Unli Group ....y	170	.....	5.0	ϕ	3.9	ϕ
125	85	Video Tape Rec 5p. y	110	.....	L2.3	2.3	2.8	15.8

NOTES

Stock Exchange dealing classifications are indicated to the right of security names. α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ■ "Tap Stock"
- ● Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ▼ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ☈ Dealt in under Rule 535(3).
- ∦ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ✱ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... y	70	......
Craig & Rose £1... y	690	......
Finlay Pkg. 5p.... y	86	......
Holt (Jos) 25p.....y	£11⅞	-⅛

IRISH

Cap. 8½% Ln. 1991....	£98¾	......
9pc Cap Ln. 1996..	£100½	......
Fin. 13% 97/02...	£129	......
Arnotts...............y	360	-5
Carrol Inds..........y	150	......
Grafton Grp........ y	128	......
Hall (R. & H.).......	165	......
Heiton Hldgs........y	54	......
Irish Ropes..........y	163	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	16
BAT	34
BOC Grp.	36
BSR	8
BTR	22
Barclays	35
Beecham	42
Blue Circle	35
Boots	19
Bowaters	35
Brit Aerospace	35
Brit. Telecom	22
Burton Ord.	21
Cadburys	32
Charter Cons.	30
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	85
GEC	13
Glaxo	85
Grand Met	45
GUS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd.	48
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen.	25
Lex Service	33
Lloyds Bank	26
Lucas Inds.	50
Marks & Spencer	17
Midland Bk.	37
Morgan Grenfell	30
NEI	10
Nat West Bk.	52
P & O Dfd.	52
Plessey	14
Polly Peck	30
Racal Elect.	32
RHM	30
Rank Org Ord.	64
Reed Intnl.	34
STC	24
Sears	11
TI	28
TSB	9
Tesco	14
Thorn EMI	60
Trust Houses	21
T&N	17
Unilever	42
Vickers	14
Wellcome	45

Property

Brit Land	30
Land Securities	52
MEPC	52
Peachey	50

Oils

Brit. Gas	15
Brit Petroleum	24
Burmah Oil	50
Charterhall	3
LASMO	40
Premier	7½
Shell	95
Ultramar	16

Mines

Cons Gold	95
Lonrho	20
RTZ	35

A selection of Options traded is given on the London Stock Exchange Report Page

COMMODITIES AND AGRICULTURE

Rail problems hamper Chinese coal shipments

By Gerard McCloskey

THE GREAT bubble of Chinese coal exports has finally burst. After consistently failing to meet commitments throughout the year, the official coal exporting agency, China National Coal Import Export Corporation (CNCIEC), has suspended all but its own loadings at the major coal terminal Qinhuangdao. Even its own shipments are to be severely cut.

If the backlog of vessels waiting to be loaded has not been cleared by the end of this week the ban will be extended throughout October. At times in recent weeks over 40 vessels have been waiting to load, each of them running up substantial demurrage bills. One vessel, not thought to be untypical, which had been waiting since July has now run up demurrage worth a quarter of the cargo value. These charges are being paid by CNCIEC which is now meeting bills of $20,000 a day.

As a result the formal export target of 17m tonnes for 1987 has been torn up and officials now admit they can do no better than the 1987 figure of 13.1m tonnes. Many believe they are being optimistic.

The Ministry of Foreign Relations and Trade says that in the first six months of this year China exported less than half the volume of oil and coal that it shipped in the same 1987 period. The show piece mine in Shanxi province, the Occidental Petroleum/Chinese An Tai Bao mine is now expecting to move just 3.2m tonnes this year compared with a target of three times that level.

The problems which have set up this export flop are complex but centre on a lack of rail cars to move the coal from mines to port and a booming demand for electricity in China.

Complicating this is the growing number of bodies moving coal out of Shanxi – the country's top coal producing and exporting province – and the fact that in parts of China more is being paid for coal than can be earned from exports.

On top of this it is clear that the CNCIEC lacks the power to prevent coal dedicated for export from being diverted into China. The result of this has been that while the queue of vessels waiting to load export coal has grown, the pier in Qinhuangdao dedicated to the home market is pouring out coal.

To add to these problems a severe rail crash blocked the Datong-Qinhuangdao railroad for four days earlier this month, halting all coal movements.

But it is the strong Chinese demand for power which dominates the difficulties and this looks likely to ensure that the problem will not be limited to 1988 supplies. Export forecast for 35m tonnes by 1991 are now accepted as being fanciful by senior Chinese export officials.

By the end of August coal production was at 610m tonnes, 4.7 per cent ahead of production in the same months of 1987, but demand grew almost twice as fast. In Jiangsu province 40 per cent of the power stations are out of operation with no coal supplies, while the governors of two other provinces have gone directly to Peking to beg for coal.

Official figures suggest the problem will get worse. An additional 200m tonnes of coal will be needed by coastal provinces by 1991, according to officials. By the end of the century 1.5bn tonnes will be needed compared with the most optimistic forecast for coal production of 1.4bn tonnes and a more often quoted figure of 1.2bn tonnes.

Where all this coal is to come from no one knows. Few big new projects are underway, although Shenmu in Shaanxi province (to the west of Shanxi province) is expanding and the on-off Zungheer mine in Inner Mongolia is on again.

For the short term hope is being pinned on the development of a 100m tonnes-a-year coal railroad from Datong to Qinhuangdao due in operation next year. However there is every indication that China has insufficient rolling stock to move even a fraction of this coal.

And although it has still to bring its washery fully into operation, it is a lack of railcars that is bedevilling the An Tai Bao mine. In recent weeks just half the trucks needed have arrived at the pit forcing a cessation of all mining operations.

Undeterred, Mr Armand Hammer, chairman of Occidental Petroleum, is in Beijing this week and will be discussing, among other projects, An Tai Bao II, a projected adjacent mine. He could do worse than first paying a call on the railway authorities to see what they think of his idea.

Gold price touches 21-month low

By Kenneth Gooding, Mining Correspondent

THE GOLD bullion price dropped to $389.05 a troy ounce in early trading yesterday, its lowest level since December, 1986.

Dealers said there was heavy early selling from Switzerland but the market later stabilised as rumours spread that an unidentified major central bank was buying bullion.

By the close the price had edged back up to $395⅜, an ounce, down $2⅞ from Friday.

Among several explanations offered for the early slump was a suggestion that American Barrick Resources, the North American group, had sold forward 3.5m ounces of gold as part of a gold loan arrangement.

However, Barrick last night said it had not organised a gold loan of any size since one of 125,000 ounces arranged by the Union Bank of Switzerland in the spring this year.

Analysts were divided yesterday about the immediate future for gold. Mr Edwin Arnold, vice president and metals specialist with Merrill Lynch International, said the recent fall was to have been expected. It had seemed likely that the fall in oil prices and the shortfall in the Soviet Union's grain harvest would force that country to sell more gold in the west.

But the recent fall in gold bullion had been overdone and some recovery could be expected, said Mr Arnold.

Ms Rhona O'Connell, analyst at Shearson Lehman Hutton, also suggested a total collapse was not to be expected and that support for the gold price should be encountered at between $380 and $400 an ounce, "and prices will thereafter reattain the $425 level."

In contrast, James Capel, the stockbroker, in its latest review, asserts that the outlook for gold is "alarming". Each of the three previous bear markets in gold lasted two years on average and the gold price fell by roughly 50 per cent. "A similar fall from last December's $500 would reach $250", Capel points out.

For the first time since the gold price started its slide last week, silver fell in sympathy yesterday and closed 8 cents down on Friday's level at 618 cents an ounce.

LME WAREHOUSE STOCKS (Change during week ended last Friday) tonnes

Aluminium standard	+5,100 to 82,300
Aluminium high grade	+10,150 to 106,875
Copper Grade A	-7,100 to 108,750
Lead	-1,150 to 84,550
Nickel	-575 to 1,914
Zinc	-1,300 to 29,300
Tin	-120 to 11,080
Silver (oz)	unchanged at 14,964,000

Shining prospects for UK sugar

FARMER'S VIEWPOINT

By David Richardson

LAST WEEK the first of Britain's sugar beet crop was harvested in preparation for the opening yesterday of British Sugar's 13 factories. It is the start of a long slog during which between 9m and 10m tonnes of roots will be lifted from the land, delivered to factories – 11 of them in the east of England and two in the West Midlands – and processed into sugar. The "campaign", as it is called by beet growers and factory people alike, is unlikely to be completed until the end of January 1989.

The use of a word more usually associated with battles is no coincidence. Digging a bulky crop from soil which inevitably becomes saturated by winter rains as harvesting continues into November and December is very much a fight against the elements. Over the last few years, however, modern machinery and extra horse power has made the task a little easier.

Prospects look good this week, as the first lorry-loads of roots are sliced and boiled in the primary stage of the sugar extraction process. Samples dug by hand before the campaign began lead British Sugar to expect an average root yield of between 17 tonnes and 18 tonnes per acre and a sugar content of 17.45 per cent, which would be the highest ever recorded at this time in the season.

If those test diggings are translated into reality Britain could produce 1.35m tonnes of sugar from this year's crop and that would be the second highest on record. In 1982 British Sugar produced 1.42m tonnes.

Travelling around East Anglia looking over hedges at sugar beet crops, however, I wonder if such forecasts are a little optimistic. Many fields are obviously suffering from patches of virus yellows as a result of a late July attack of aphids, which carry the virus.

Both yield and sugar content are seriously affected by the disease and British Sugar admits that about 10 per cent of the national crop is showing symptoms.

In parts of Suffolk – one of the key sugar beet growing areas – the situation is much worse, with many fields having 20 per cent to 25 per cent of diseased plants. In addition, the problems of soil structure, damaged by excessive rain in 1987, are still obvious and could depress yields, particularly on heavy soils.

In broad terms, however, I have no quarrel with British Sugar's assessment that this year's national crop is a good one, nor that it is likely to yield well above the 1.144m tonnes UK A and B quota, the price of which is guaranteed by the European Community. Production above that level is sold at world prices which have recently been running at around half the EC price of £330 a tonne and growers are paid accordingly.

Most other EC member states also seem likely to have extra sugar available for world market sales as a result of this year's beet harvest. Reports from all over the Community indicate that growing conditions through the summer have been ideal and that expectations are high.

Last week I drove through the Paris Basin, the main sugar beet area of France, and can confirm that practically every field looked capable of optimum yield. And France is Europe's biggest beet sugar producer.

Estimates of total EC production have been put at over 14m tonnes, compared with a normal 12m-13.5m tonnes. But although this is well above expectations for European consumption the surplus should prove easier to sell on world markets next year than usual following beet crop failures in China, Hurricane Gilbert's destruction of cane in the West Indies and drought in the American Midwest, where most US sugar beet is grown. In addition, the Soviet Union seems likely to be looking for extra supplies, because of the inefficiency of its processing factories.

So, in a year of mainly mediocre yields of most UK arable crops, sugar beet seems destined to shine. Even the ex-farm price stays steady on the back of limited production control and the EC system of quotas. It is hardly surprising that many farmers look to sugar beet as the model for what they would like to see adopted with other commodities in surplus.

The biggest potential problem facing British beet growers at present, however, is a practical one. Just over a year ago, the first case of rhizomania, or root madness, was confirmed in this country. It is an incurable, highly contagious, soil-borne disease which can decimate a crop by cutting its potential yield to just a few tonnes per acre and its sugar content to half the optimum 16 per cent to 18 per cent. In short, it can make sugar beet totally uneconomic to grow and this has already happened in some parts of Europe where it has become endemic.

I have seen tiny, twisted diseased roots myself in Italy, France and the Netherlands and, as a sugar beet grower, been horrified at what it could do to my livelihood were it to become established in the UK. I therefore very much hope the single Suffolk field which remains the only one so far identified as carrying the disease remains unique in Britain. But I fear that will not be the case.

Over the last ten to 15 years, rhizomania has spread from Italy northwards across Europe until today most beet growing countries are affected. Until last year's outbreak, British growers hoped the English Channel had saved them. Since then researchers from the Ministry of Agriculture and British Sugar have tested tens of thousands of roots from thousands of fields to try to identify any other affected soil so as to isolate it and try to prevent further spread.

So far they have, almost unbelievably, been unable to find further infection in this country. Meanwhile, processing factories have installed disinfectant wheel dips through which all beet delivery lorries have to pass.

Most people in the UK sugar industry accept, however that such measures can only delay the disease. Eventually, if not already, it will successfully cross the Channel – perhaps on birds' feet, or in soil on plant roots or potatoes imported from the Continent. Before that happens, plant breeders are feverishly attempting to produce varieties of sugar beet which are tolerant of rhizomania.

Hurricane halts banana shipments

By Canute James in Kingston

EXPORTS OF Jamaican bananas to Britain have ceased, and will not be resumed until next June, following the destruction of 98 per cent of the farms on the island by Hurricane Gilbert.

The Banana Export Company says shipments to Britain next year which were expected to be about 90,000 tonnes, "will not exceed 30,000 tonnes, and 25,000 tonnes is more likely." Exports to Britain last year were 32,000 tonnes.

The company said the damage caused by the hurricane will cost the Jamaican industry US$50.5m. It said the banana sector needed $13m immediately "to ensure prompt recovery," and that between 60,000 tonnes and 65,000 tonnes of fruit were lost to the storm.

Indian oil imports seen rising by 12% this year

By David Housego in New Delhi

INDIA'S NET imports of crude oil and petroleum products will increase by a further 12 per cent this year because of rising consumption and stagnating domestic production.

Mr S.L. Khosla, chairman of the Indian Oil Corporation, which has responsibility for oil imports, said yesterday that net imports would rise this year to 21.2m tonnes – 32 per cent higher than two years ago. But adverse impact on the balance of payments would be less, because India was buying crude oil at an average of $14.48 a barrel compared with $16.85 in 1987/88.

Presenting the annual accounts of the company, Mr Khosla said that India's consumption of oil was rising this year at a rate of 7.9 per cent.

If that pace continued, consumption would double by the end of the century, he said.

He warned, however, that by then Indian demand for certain products like fuel oil would be declining with the growing use of alternative energy sources.

India's oil consumption is projected this year to rise to 49.8m tonnes. Domestic production of crude has stagnated since 1985 and is soon expected to fall producing an increasing need for imports in the 1990s.

● India and Sri Lanka are considering launching a joint tea brand in previously untapped markets, an official of the Sri Lankan Tea Board said, reports Reuter from Colombo. Ministers from both countries met in Colombo last week and referred the proposal to a working group, which will report back in four months on how to market such a brand, he added.

Market still optimistic on coffee pact talks

By David Blackwell

COFFEE PRICES rose sharply in London yesterday as the market continued to take an optimistic view of the outcome at the International Coffee Organisation talks.

The talks yesterday entered their second week with the two major problems unresolved – the price range to be defended in the coming year, and the size of the global export quota, by which the ICO tries to stabilise coffee prices. But traders thought both issues would be settled by Friday night.

Further dry weather in the coffee growing areas of Brazil over the weekend also buoyed the market. Prices have reacted over the past three weeks to weather reports from Brazil, where continued lack of rain could threaten the crop.

On the London Futures and Options Exchange (Fox) the three-month robusta contract eased from earlier highs, but nevertheless closed £17 a tonne ahead at £1,147 a tonne. Last Friday it closed £24 a tonne up on the week.

The ICO talks made slow progress last week as consumers sought for ways of boosting their supplies of mild coffee. Over the past year a wide gap has opened between robusta coffee and the arabicas, which are in great demand.

Brazil, the world's biggest producer, opposes any special concessions to allow producers of top quality coffee to exceed their export quotas. It also refuses to countenance any cut in its own 30 per cent share of the total export quota.

Papua New Guinea mine remains at a standstill

By Chris Sherwell in Sydney

THE GIANT Ok Tedi mine in the remote highlands of Papua New Guinea remained at a standstill yesterday following last Thursday's strike and outbreak of violence by mine employees.

Officials at BHP, the Australian resources group which manages the mine, said the situation in the area had been stable since police and a party of soldiers restored calm and secured local installations.

But they confirmed that the mine, which contains one of the world's biggest deposits of gold and copper, was still not working and said this meant the loss of some 50,000 tonnes of ore processing a day.

As long as the stalemate persists, they added, the stockpile of wet concentrate being dried at the ore shipment port, hundreds of kilometres down the Fly River, would be run down.

The stoppage is the third this year, and comes after a 12-day halt last month. It is still unclear how last week's trouble flared. Somehow a dispute over housing and job classifications got out of hand, and mineworkers went on the rampage, looting bars, digging up roads and cutting telephone lines.

Ministers and officials from Port Moresby, the capital, have since visited the site, and a senior BHP official has flown from Melbourne to Papua New Guinea for further discussions. The Port Moresby Government has a 30 per cent stake in the project, while Amoco of the US has 30 per cent.

WORLD COMMODITIES PRICES

LONDON MARKETS

COCOA prices closed at a new 12¾-year low, with already bearish sentiment further depressed by heavy trade selling. Dealers said some of the selling pressure may have stemmed from hedging activity, amid market talk that Malaysia had sold a substantial quantity of cocoa. There was also talk of further sales by the Ivory Coast, the world's biggest producer, and the possibility that it might reduce producer prices, allowing it to sell cocoa more cheaply. On the LME copper prices were firmly boosted in morning trading by news of a continuing decline in stocks both in London and New York. However, the market slipped back subsequently as profit-taking and chart resistance above $2,400 a tonne proved effective, traders said.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$11.75-1.80z	+0.11
Brent Blend	$13.22-3.31q	+0.02
W.T.I. (1 pm est)	$14.35-4.39z	-0.01

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$172-175	+2
Gas Oil	$118-120	+1
Heavy Fuel Oil	$61-62	
Naphtha	$131-133	
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$395.375	-2.875
Silver (per troy oz)♣	818c	-8
Platinum (per troy oz)	$487.0	-9.25
Palladium (per troy oz)	$117.5	-1.75
Aluminium (free market)	$2295	-100
Copper (US Producer)	118¾-27¼c	+3¼
Lead (US Producer)	38c	
Nickel (free market)	520c	+10
Tin (European free market)	£4455	
Tin (Kuala Lumpur market)	19.84r	-0.16
Tin (New York)	343.5c	-0.5
Zinc (Euro. Prod. Price)	$1312.5	
Zinc (US Prime Western)	69⅞c	
Cattle (live weight)†	110.83p	-1.30*
Sheep (dead weight)†	142.40p	-7.99*
Pigs (live weight)†	71.97p	-0.34*
London daily sugar (raw)	$254.0x	+1.6
London daily sugar (white)	$248.0x	+1.5
Tate and Lyle export price	£261.5	+1.0
Barley (English feed)	£109.5q	
Maize (US No 3 yellow)	£127v	
Wheat (US Dark Northern)	£127q	+0.25
Rubber (spot)♥	61.00p	-0.25
Rubber (Oct)♥	68.00p	+0.25
Rubber (Nov) ♥	68.50p	+0.25
Rubber (KL RSS No 1 Oct)	299.0m	-1.0
Coconut oil (Philippines)§	$545s	
Palm Oil (Malaysian)§	$420q	-10
Copra (Philippines)§	$385	
Soyabeans (US)	$205	-2
Cotton "A" Index	56.20c	
Wooltops (64s Super)	655p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg q-Oct. s-Sep/Oct. x-Oct/Nov. w-Nov/Dec v-Oct/Dec. z-Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
Sep	783	794	796	775
Dec	730	747	745	728
Mar	744	755	755	736
May	761	766	765	753
Jul	776	783	781	769
Sep	795	802	798	788
Dec	840	843	838	830

Turnover: 5222 (4995) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 23: 936.16 (956.69) 10 day average for Sep 26: 956.65 (958.90).

COFFEE £/tonne

	Close	Previous	High/Low	
Sep	1140	1140	1153	1130
Nov	1147	1130	1158	1143
Jan	1120	1102	1123	1110
Mar	1100	1083	1104	1090
May	1100	1083	1100	1095
Jly	1107	1087	1105	1100
Sep	1102	1092	1109	

Turnover: 4110 (3333) lots of 5 tonnes
ICCO indicator prices (US cents per pound) for Sep 22: Comp. daily 113.74 (113.72). 15 day average 112.96 (112.67).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low	
Oct	206.00	222.00	222.00	206.80
Dec	203.80	212.00	211.00	205.00
Mar	200.00	211.60	211.40	198.20
May	107.00	209.20	207.00	197.00
Aug	195.40	207.60	204.00	

White	Close	Previous	High/Low	
Dec	228.50	240.00	239.00	228.50
Mar	230.00	242.00	233.00	230.00
May	231.00	243.00	238.00	233.50
Aug	232.00	244.50	242.00	238.00
Oct	230.00	243.00	239.50	
Mar	231.00		238.00	235.00

Turnover: Raw 3010 (2787) lots of 50 tonnes. White 1116 (1893).
Paris- White (FFr per tonne): Dec 1475, Mar 1455, May 1460, Aug 1470 Oct 1475, Dec 1480

GAS OIL $/tonne

	Close	Previous	High/Low	
Oct	118.25	119.50	120.00	117.00
Nov	120.75	121.25	122.00	118.75
Dec	122.00	123.25	124.00	121.50
Jan	122.00	123.25	123.75	122.00
Feb	122.50	122.75	122.50	121.75
Apr	110.50	120.00	119.50	119.00

Turnover 5184 (4345) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Nov	108.10	108.30	108.30	107.60
Jan	111.00	111.10	111.10	110.75
Mar	113.70	113.00	113.80	113.30
May	116.60	116.50	116.80	116.40
Jun	118.30	118.20	118.30	118.20

Barley	Close	Previous	High/Low	
Nov	106.10	106.10	106.40	106.00
Jan	109.10	100.65	109.15	108.95
Mar	111.20	111.00	111.40	111.05
May	113.00	112.85	113.00	112.85

Turnover: Wheat 264 (281), Barley 312 (120)
Turnover lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 13,650 tonne
Cash	2270-80	2285-95	2295/2280	2290-300		
3 months	2270-80	2275-8	2340/2272	2280-90	2267-70	11,163 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 7,225 tonne
Cash	1335-7	1390-5	1341	1341-5		39,787 lots
Copper, Grade A (£ per tonne)						Ring turnover 44,600 tonne
Cash	1496-500	1490-2	1499/1487	1497-8		
3 months	1432-4	1443.5-4	1459/1445	1446-9	1453-4	62,808 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash				1425-32		
3 months	1400-5	1390-400		1395-400		15 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	610-3	616-8		606-7		
3 months	623-6	628-30		619-20		449 lots
Lead (£ per tonne)						Ring turnover 8,375 tonne
Cash	365-7	362-4	365.5/365	363-5.5		
3 months	371-2	367-8	372/369	369-70	371-2	10,446 lots
Nickel ($ per tonne)						Ring turnover 1,692 tonne
Cash	11200-400	11000-200	11400/11250	11200-50		
3 months	10400-50	10200-300	10450/10390	10350-400	10320-400	6,050 lots
Zinc ($ per tonne)						Ring turnover 11,175 tonne
Cash	1285-90	1305-7	1305/1284	1303-5		
3 months	1265-8	1281-3	1285/1263	1277-8	1262-4	16,368 lots

POTATOES £/tonne

	Close	Previous	High/Low	
Nov	55.9	58.0	58.0	55.0
Feb	68.0	69.0		
Apr	91.8	90.5	92.3	90.9
May	102.0	101.5	102.2	101.8

Turnover 177 (178) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low	
Oct	180.00	180.00	180.00	
Dec	182.50	185.00	185.00	182.50
Feb	188.00	192.00	188.00	

Turnover 220 (100) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Sep	1295	1304	1295	
Oct	1386	1422	1415	1386
Jan	1470	1480	1482	1465
Apr	1506	1527	1508	1500
Jul	1317	1340	1317	
BFI	1295	1295		

Turnover 339 (188)

TEA
There were 24429 packages on offer in this week's sale including 1,000 packages in the offshore section, reports the Tea Brokers' Association. Demand for medium and good liquoring teas was stronger and more general. Best Assams were keenly competed for at dearer prices with mediums selling around last rates. Bangladesh teas met less enquiry and eased 3 to 5p. Bright east Africans were fully firm, but plainer descriptions tended lower and dusts attractedonly limited interest. Central Africans were also a weak feature dropping 3 to 5p. Ceylons sold well at mainly dearer prices. Offshore offerings lacked support. Quotations: quality 195p (190p nominal), medium 98p (same), low medium 78p (82p).

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	395-395¼	237-237½
Opening	390¼-391	234½-235
Morning fix	389.05	233.874
Afternoon fix	395.30	237.010
Day's high	395¼-396½	
Day's low	386¾-387¾	

Coins	$ price	£ equivalent
Mapleleaf	406½-411½	243½-247
Britannia	406½-411½	243½-247
US Eagle	406½-411½	243½-247
Angel	405-410	243-246
Krugerrand	394-397	236-238
New Sov.	93-94	55¾-56½
Old Sov.	93-94½	55¼-56¾
Noble Plat	496.45-503.35	298.15-302.30

Silver fix	p/fine oz	US cts equiv
Spot	367.40	609.85
3 months	378.55	622.60
6 months	390.10	635.70
12 months	411.90	663.95

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Jan	Nov	Jan
2200	146	178	53	119
2300	92	131	98	170
2400	53	95	156	230
Copper (Grade A)	**Calls**		**Puts**	
2300	204	159	36	129
2400	139	115	70	183
2500	88	81	118	246

US MARKETS

After slipping down to $395.50, gold prices steadied to close at $400.30, reports Drexel Burnham Lambert. Short covering by commodity funds added to its strength. Silver and platinum traded in narrow ranges for most of the session. Copper remained strong but trading volume was lower than last week as commission houses ... In the soft commodities, sugar was the most active falling 59 points in October. Commission house and fund liquidation caused most of the weakness. Coffee had a choppy session due mostly to the ICO talks. Cocoa prices declined 42 in December with the trade being the best sellers. In the meat markets, both cattle and hog prices advanced over 100 points. Volume was greater than last week as commission houses became active in the markets. Soyabeans posted the largest decline as November fell 26¼ cents. In the cotton market, prices fell sharply nearing the 50 cent level as selling came from trade, commission houses and locals.

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Nov	14.34	14.18	14.84	14.05
Dec	14.09	13.94	14.36	13.89
Jan	13.98	13.86	14.28	13.80
Feb	14.00	13.86	14.18	13.82
Mar	14.02	13.86	14.25	13.85
Apr	14.07	13.90	14.25	13.75
May	14.13	13.92	14.15	14.10
Jun	14.18	13.91	14.14	14.14
Aug	14.35	13.95	14.35	14.24

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Oct	4045	4023	4115	4000
Nov	4100	4091	4185	4085
Dec	4160	4163	4255	4160
Jan	4230	4210	4300	4190
Feb	4205	4100	4265	4195
Mar	4075	4050	4110	4060
Apr	3945	3890	3960	3945
May	3890	3855	3920	3860

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1124	1169	1158	1115
Mar	1141	1183	1135	1130
May	1163	1180	1176	1152
Jul	1183	1210	1199	1176
Sep	1205	1220	1220	1208
Dec	1249	1281	1260	1248

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	126.83	127.20	128.20	125.70
Mar	126.10	126.35	127.35	124.90
May	126.00	126.30	127.00	125.25
Jul	125.40	126.49	126.50	125.00
Sep	124.50	125.80	0	0
Dec	123.50	122.00	123.50	123.50

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	9.40	9.99	10.04	9.47
Jan	8.32	9.00	9.00	8.32
Mar	8.70	9.29	9.20	8.69
May	8.64	9.14	9.03	8.64
Jul	8.56	9.06	8.95	8.56
Oct	8.48	8.98	8.88	8.46
Jan	8.00	8.50	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	51.80	52.90	52.75	51.80
Dec	49.88	50.94	50.75	49.85
Mar	50.00	51.05	50.65	50.00
May	50.32	51.40	50.90	50.25
Jul	50.65	51.79	51.35	50.65
Oct	51.50	52.35	52.15	51.50
Dec	51.80	52.55	52.50	51.80

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	174.90	175.90	176.00	174.60
Jan	165.75	166.10	166.00	165.25
Mar	164.00	164.25	164.15	163.80
May	162.65	162.75	162.60	162.20
Jul	161.65	161.75	0	0
Nov	160.65	160.76	0	0
Jan	160.65	160.75	0	0

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Sep	395.2	394.0	0	0
Oct	395.8	394.8	396.5	392.0
Nov	398.1	397.1	0	0
Dec	400.3	399.3	401.3	395.5
Feb	405.4	404.4	406.3	401.0
Apr	410.8	409.8	410.5	407.0
Jun	415.6	414.8	416.0	412.5
Aug	421.1	420.4	420.5	420.5
Oct	426.6	426.0	426.0	426.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Sep	485.1	480.9	0	0
Oct	485.1	480.9	487.0	478.0
Jan	488.4	484.2	491.0	481.5
Apr	493.6	489.2	494.0	489.0
Jul	499.6	495.2	0	0
Oct	506.6	502.2	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Sep	610.7	616.7	616.0	613.0
Oct	611.9	617.9	0	0
Nov	616.3	622.3	0	0
Dec	620.5	626.5	630.0	620.0
Jan	625.4	631.4	0	0
Mar	635.2	641.3	643.0	634.0
May	644.8	651.3	650.0	645.0
Jul	655.1	662.0	660.0	658.0
Sep	665.1	672.3	672.0	668.0
Dec	680.6	688.1	688.0	687.5

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	119.70	119.60	120.80	110.50
Oct	115.30	115.95	115.95	115.95
Nov	110.85	111.26	0	0
Dec	106.55	106.70	107.50	106.20
Jan	103.65	103.90	105.00	105.00
Mar	97.85	98.30	99.30	97.50
May	94.75	94.00	95.60	96.00
Jul	92.60	92.50	92.60	92.50
Sep	90.30	90.30	90.30	90.30
Dec	88.40	88.30	89.30	89.30

INDICES

REUTERS (Base: September 18 1931 = 100)

Sept 23	Sept 22	mnth ago	yr ago
1861.9	1858.1	1824.3	1664.6

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	133.22	133.10	130.85	127.93
Futures	134.51	134.67	134.54	130.76

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	800/2	822/4	822/0	805/0
Jan	816/0	842/6	830/0	815/0
Mar	821/4	850/2	839/0	821/0
May	824/4	845/2	834/0	820/4
Jul	815/4	836/6	826/0	811/0
Aug	803/4	826/0	815/0	803/0
Sep	755/0	769/2	762/0	752/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Oct	23.55	24.11	24.00	23.50
Dec	24.07	24.65	24.50	24.00
Jan	24.37	24.86	24.75	24.26
Mar	24.90	25.32	25.25	24.80
May	25.20	25.60	25.55	25.20
Jul	25.20	25.80	25.55	25.20
Aug	23.30	25.50	25.60	25.20
Sep	23.30	25.50	23.60	25.15

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Oct	255.7	263.2	260.0	255.5
Dec	257.7	264.4	261.5	257.0
Jan	256.7	263.7	260.0	256.5
Mar	254.7	261.0	258.0	254.5
May	251.0	258.7	255.0	251.0
Jul	247.5	254.0	250.0	247.5
Aug	241.0	246.0	243.0	241.0
Sep	235.0	238.0	235.0	235.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	280/6	286/2	284/4	280/4
Mar	287/2	292/2	290/4	287/0
May	291/0	295/2	293/4	290/4
Jul	289/6	293/2	292/0	289/2
Sep	272/4	276/2	275/0	272/4
Dec	262/0	265/2	265/0	261/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	422/2	426/6	424/0	420/4
Mar	427/4	431/2	429/0	426/0
May	402/4	406/4	405/0	400/4
Jul	371/0	376/2	374/4	370/4
Sep	374/0	379/2	376/0	374/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	70.95	69.77	71.07	69.52
Dec	73.07	71.57	73.07	71.42
Feb	73.95	72.67	74.07	72.50
Apr	75.37	74.22	75.48	74.00
Jun	74.80	73.47	74.90	73.50
Aug	71.75	70.60	71.85	70.80
Sep	70.80	70.77	70.00	0

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	40.30	39.12	40.40	39.15
Dec	43.15	41.66	43.15	41.70
Feb	46.87	44.75	46.05	44.75
Apr	45.10	44.15	45.35	44.20
Jun	48.87	49.12	49.60	49.10
Jul	49.90	49.45	50.00	49.50
Aug	48.70	48.05	48.85	48.60
Oct	46.10	46.07	46.50	45.80

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	52.10	51.87	52.60	51.35
Mar	52.42	52.37	52.97	51.85
May	54.15	53.95	54.35	53.40
Jul	54.00	53.80	54.75	53.80
Aug	52.62	52.12	53.00	52.05

WORLD STOCK MARKETS

CANADA

TORONTO

2pm prices September 26

1—No voting rights or restricted voting rights.

INDICES

NEW YORK — DOW JONES

	Sep 23	Sep 22	Sep 21	Sep 20	1988 High	1988 Low	Since compilation High	Since compilation Low
♦Industrials	2090.68	2080.01	2078.50	2087.48	2158.61 (5/7)	1879.14 (20/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	88.91	89.05	89.12	88.95	91.25 (3/3)	86.12 (4/1)	–	–
Transport	892.32	888.29	892.77	886.80	908.45 (5/7)	737.57 (21/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	179.71	179.53	179.53	180.18	190.02 (29/1)	167.26 (20/4)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2097.80 (2097.08) Low 2070.41 (2066.68)

STANDARD AND POOR'S	Sep 23	Sep 22	Sep 21	Sep 20	1988 High	1988 Low	Since compilation High	Since compilation Low
Composite ‡	269.76	269.18	270.16	269.73	275.66 (22/6)	242.63 (20/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	309.40	308.82	310.11	309.47	318.54 (22/6)	277.86 (20/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	26.01	25.91	25.98	26.01	26.05 (16/9)	21.51 (8/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	152.38	152.08	152.64	152.44	156.36 (22/6)	136.72 (20/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	299.11	298.25	298.97	298.63	309.33 (10/6)	262.76 (12/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	384.98	384.86	384.92	384.10	394.77 (18/7)	331.97 (12/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Sep 16	Sep 12	Aug 19	year ago (approx.)
Dow Industrial Div. Yield	3.68	3.71	3.79	2.73
	Sep 21	Sep 14	Sep 7	year ago (approx.)
S & P Industrial div. yield	3.19	3.19	3.24	2.40
S & P P/E ratio	13.03	13.00	12.80	23.20

TRADING ACTIVITY — † Volume, Millions

	Sep 23	Sep 22	Sep 21
New York	145.100	150.675	127.400
Amex	10.018	10.452	6.980
OTC	141.372	134.257	99.945

NEW YORK	Sep 23	Sep 22	Sep 21
Issues Traded	1,954	1,933	1,904
Rises	721	539	677
Falls	684	866	701
Unchanged	549	528	526
New Highs	21	23	22
New Lows	16	21	14

CANADA

TORONTO	Sep 23	Sep 22	Sep 21	Sep 20	1988 High	1988 Low
Metals & Minerals	2714.0	2691.2	2705.8	2738.8	3226.5 (5/7)	2238.7 (8/2)
Composite	3260.4	3252.3	3258.6	3261.2	3465.4 (5/7)	2977.9 (8/2)
MONTREAL Portfolio	1628.22	1620.47	1629.15	1634.42	1723.71 (5/7)	1305.86 (27/1)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Baxter Intl	7,975,300	18¾	− 1⅛	USF&G	1,839,900	30⅝	+ ⅛
AT&T	6,327,400	26½	+ ¼	Commonw'th Ed	1,722,400	30¾	− ⅛
Nynex	2,787,700	66⅛	+ ⅛	Cont'l Illinois	1,680,700	5⅝	+ ⅛
K mart	2,339,400	39½	+ 1⅛	Exxon	1,487,300	44⅞	+ ⅛
Archer-Daniels	1,886,800	20¾	+ ⅝	Hospital Corp	1,313,100	45⅝	+ ⅛

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals — 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 industrials plus 40 utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

	Sept 26	Sept 23	Sept 22	Sept 21	1988 High	1988 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1543.3	1551.1	1541.7	1543.6	1657.8 (9/8)	1170.7 (10/2)
All Mining (1/1/80)	702.8	707.9	696.2	694.8	847.8 (4/8)	532.4 (10/2)
AUSTRIA						
Credit Aktien (30/12/84)	205.00	203.0	202.7	201.8	205.0 (26/9)	163.98 (11/2)
BELGIUM						
Brussels SE (1/1/84)	5203.5	5229.5	5257.5	5315.1	5315.1 (21/9)	3608.35(4/1)
DENMARK						
Copenhagen SE (3/1/83)	227.30	231.12	230.28	227.30	230.28 (22/9)	180.68 (4/1)
FINLAND						
Unitas General (1975)	695.6	698.4	700.7	701.9	772.1 (8/8)	530.6 (15/1)
FRANCE						
CAC General (31/12/82)	375.3	370.7	371.6	366.6	375.3 (26/9)	251.3 (29/1)
Ind. Tendance (31/12/87)	144.1	143.1	143.7	141.4	144.1 (26/9)	89.7 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	517.55	515.51	515.58	518.40	518.40 (21/9)	396.40 (29/1)
Commerzbank (1/12/53)	1572.20	1567.40	1567.30	1576.40	1576.40 (21/9)	1207.9 (29/1)
DAX (30/12/87)	1257.03	1252.58	1253.68	1260.99	1260.99 (21/9)	931.18 (29/1)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	2454.38	2455.84	2432.00	2772.53 (12/7)	2223.56 (8/2)
ITALY						
Banca Com. Ital. (1972)	537.40	536.48	530.64	524.87	545.07 (18/3)	423.91 (9/2)
JAPAN**						
Nikkei (16/5/49)	27330.95	(c)	27428.31	27712.66	28423.38 (5/8)	21217.04 (4/1)
Tokyo SE (Topix) (4/1/68)	2095.84	(c)	2108.55	2122.03	2253.10 (2/8)	1690.44 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	270.00	269.5	270.7	270.9	284.8 (9/8)	205.7 (4/1)
ANP-CBS Industrial (1970)	228.90	227.7	228.2	227.2	239.3 (9/8)	157.9 (11/1)
NORWAY						
Oslo SE (4/1/83)	382.91	383.55	385.03	384.35	423.64 (21/7)	327.78 (28/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1023.10	1033.71	1045.86	1046.53	1177.87 (8/8)	833.60(4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1225‡	1214.0	1202.0	1209.0	1451.0 (7/7)	1154.0 (4/5)
JSE Industrial (28/9/78)	1690‡	1705.0	1662.0	1664.0	1758.0 (20/7)	1387.0 (12/2)
SPAIN						
Madrid SE (30/12/85)	273.32	273.52	275.21	276.64	301.63 (15/6)	225.50 (4/1)
SWEDEN						
Jacobson & P. (31/12/56)	3099.70	3116.50	3124.50	3085.20	3124.50 (22/9)	2148.5 (4/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	564.90	560.90	561.80	559.10	564.90(26/9)	466.6 (13/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	438.6	438.4	440.4	465.2 (15/6)	401.0 (21/1)

**Saturday Sept. 24: Japan Nikkei 27,390.12 and TSE 2,099.24.
‡ Subject to official recalculation

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

3pm prices September 26

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 53

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NYSE COMPOSITE PRICES

Continued from previous Page

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Chng
85¼	50	Xerox	3	5.3	10	9149	58½	55⅞	56¼	+ ⅛
36	19½	XTRA	.72	2.1	14	277	34	33¾	33¾	
69¾	17½	Yorkin			15	21	53⅛	52½	52⅝	
6¼	2¼	Zapata				164	2⅝	2⅝	2⅝	− ⅛
37	18½	Zayre	.40	1.6	186	3152	25¼	24⅞	24⅞	
12⅛	8⅜	Zemex	.40	2.9	17	1	13⅝	13⅝	13⅝	− ⅛
39	19	ZenithE				899	20	19⅝	19⅞	− ⅛
10¼	9½	Zenin n	.38e	3.8		31	10	9⅞	10	
7⅞	1	vjZeni.b				335	2⅛	2⅜	2⅛	− ⅛
21⅞	16¼	ZeniNt	.80b	4.4	9	72	18¼	18¼	18¼	+ ⅛
19⅞	11⅛	Zero	.40	2.6	14	45	15⅞	15⅝	15⅝	− ⅛
28¾	15	Zurnin	.68	2.7	15	176	25½	25¼	25¼	− ¾
11⅛	7⅛	Zweig	1.04	10.		312	10⅞	10⅛	10¼	− ⅛
10⅞	10	ZweigT n				2215	10⅛	10	10	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices September 26

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 4pm prices September 26

[illegible]

AMERICA

Dow drifts as focus shifts to West Berlin meeting

Wall Street

EQUITIES and bonds started what is expected to be a fairly uneventful week with small losses, *writes Janet Bush in New York.*

At 2pm, the Dow Jones Industrial Average stood 5.69 points lower at 2,084.99 on subdued volume of 74m shares.

US Treasury honds were quoted as much as ⅞ point lower but the Treasury's 30-year benchmark issue stood up better to be quoted at midsession 11/32 point lower for a yield of 9.08 per cent.

Modest weakness in bonds came in spite of a stronger dollar in the wake of the weekend meetings of the Group of Seven leading industrial nations in West Berlin.

Whereas vagueness of G7 communiqués has previously been used as an excuse for foreign exchange dealers to sell the dollar, this time, in view of strong demand for dollars this year, the lack of substance triggered a rally in the US currency.

The dollar's rise prompted what appeared to have heen co-ordinated intervention by Group of Seven central banks.

The Bundesbank took tbe unusual step of confirming its intervention, and other active banks included the US Federal Reserve, Austria, Switzerland, France, Britain and Italy.

In New York, the intervention succeeded in hlowing the dollar off its highs of Y135 and DM1.8920. The dollar was qnoted at Y134.60 at midsession and at DM1.8815.

One negative factor for the bond market which balanced the stronger dollar was a rise in the gold price. Last week, a sharply falling gold price was cited as a support for bonds, but yesterday December gold futures rallied to $400.30 compared with an earlier low of $396.50. The central bank intervention also weighed on bonds.

The only important economic figures expected this week are US leading indicators for August due to be published on Friday.

Forecasts range widely hut most analysts appear to be going for no change or a slight fall in the indicators following a 0.8 per cent decline in July.

Another negative factor for the stock market this week is likely to be renewed fears that US interest rates are heading higher.

The minutes of the August 18 Federal Open Market Committee meeting released late last week showed tbst althougb the committee had voted to leave monetary policy unchanged, it had also decided to lean towards tighter policy if more signs of higher inflation or robust economic growth were to appear.

Many members of the committee said they thought that some further tightening in policy was likely to be needed.

A poll of 16 analysts by the Wall Street Journal, published yesterday, showed that all but three helieved that interest rates would be higher by the end of the year.

The only real action on the stock market is stocks involved with takeover hids, leveraged huy-outs or rumours of these.

TW Services, one of the most actively-traded stocks on the New York Stock Exchange yesterday morning, rose $1⅛ to $24⅝ after a group led hy Coniston Partners said it had a 19.1 per cent stake in the company and may make a bid for the rest.

Best Products jumped $3⅝ to $18⅝ after its board said it was considering the sale of tha company and said that it had rejected an offer of $21 a share from an unnamed bidder.

K Mart dropped $1¼ to $38⅝ as takeover speculation cooled. Dean Witter's retailing analyst said there were a lot of practical blocks to a bostile acquisition of K Mart. The company's share price added $1⅝ on Friday on takeover speculation.

Interco rose $⅛ to $69 after a Faderal court in Delaware denied the company's request for a preliminary injunction against a takeover offer of $70 a share from a group headed by the Rales brothers of Washington.

Wilson Foods rose $1 to $14¾ after Doskocil raised its offer to $14.50 a share from $12.25.

Canada

AS GAINS in golds and base metal issues were balanced by losses in energy and industrial stocks, Toronto share prices remained narrowly mixed in quiet midday trading.

The composite index rose 2.40 to 3,262.80, but losers outran gainers, 278 to 191, on volume of 6m shares.

The Group of Seven meeting appeared to have little effect on the market.

ASIA PACIFIC

Nikkei falls in lacklustre trading and weak volumes

Tokyo

INVESTOR interest failed to pick np after a long weekend and share prices ended the day weaker in low volume, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average lost 59.17 to 27,330.95 after moving between a high of 27,439.81 and a low of 27,185.83. Volume fell to 605m shares from 868.64m on Thursday. The market was shut on Friday for a national holiday.

Declines outnumhered advances by 494 to 371 yesterday while 172 issues were unchanged. in later trading in London, Japanese stocks gained ground and the ISE/Nikkei 50 index added 8.02 to 1,763.02.

Analysts said a main reason for the lack of actlvity in Tokyo was that yesterday was the last day before many stocks went ex-bonus and ex-dividend. About 80 per cent of listed companies close their first-half books at the end of September.

Fears of higher interest rates largely receded as it emerged from the Group of Seven meeting on Saturday that Japan is not likely to raise its official discount rate. This in turn belped beavy capital steels pick up in a generally sluggish market.

Another factor helping steel issnes was the spreading expectation among investors that brokers will he making extra efforts to generate volume during the next six months, analysts said.

Most securities bouses are moving their year-ends from September to Marcb. Among large capital steels, Kawasaki Steel, the most heavily traded issue at 86.8m shares, gained Y31 to Y879. Nippon Steel, second in volume with 74.9m, shares traded, added just Y5 to Y777, while NKK, third busiest at 58.8m, advanced Y15 to Y780.

Speculation ahout the Emperor's failing health continued to keep buying interest focused on paper companies. Sanyo-Kokusaku Pulp rose Y25 to a record high of Y1,010 during afternoon trading. It closed, bowever, witb an increase of only Y10 at Y995 in heavy trading.

Honshu Paper was also heavily traded but lost Y30 to close at Y1,030. Jujo Paper added Y20 to Y1,50 while Takasaki Paper rose to a new high of Y959, up Y100.

Issues whicb had risen recently on the strength of their land holdings along Tokyo's waterfront generally weakened yesterday. Ishikawajima-Harima Heavy Industries remained unchanged at Y1,050 while Tokyo Gas lost Y10 to Y1,280.

Transportation issnes were also dull. Keisei Electric Railways lost Y20 to Y2,530 while Tokyu declined Y10 to Y1,620. Among other movers, Nippon Metal Industry, a stainless steel maker, rose to a new high of Y844 in afternoon trading. The company's strength stemmed from its improved husiness performance and from rumours of possible redevelopment of land it owns in the suhurbs of Tokyo. It closed up Y25 at Y840.

Trading in Osaka was also lacklustre and the OSE average fell 43.63 to 25,915.64. Volume fell to 97.74m shares compared with 137.07m on Thursday. Kawasaki Steel was the volume leader at 16.1m shares and rose Y29 to Y875.

Roundup

GENERALLY slow trading marked Asia Pacific markets yesterday, and the main ones ended lower. Hong Kong was closed for a national holiday.

AUSTRALIA finished lower in thin trading as the market awaited the domestic August balance of payments figures due tomorrow. The All Ordinaries index eased 7.8 to 1,543.3 while turnover showed a slight improvement on last week as 88.13m shares changed bands.

Among weaker industrials, CSR lost 6 cents to A$4.58 on turnover of 2.2m shares. Elders IXL was also actively traded, losing just 1 cent to A$3.45 before today's interim results.

Of the few stocks to rise, Arnott, up 8 cents at A$5.30, and Pacific Dunlop, 6 cents better at A$4.44, were the most prominent.

SINGAPORE was lower as dealers reacted to Tokyo's fall and institutional buyers stayed out of the market. The fact that Hong Kong-hased fund managers were enjoying a one-day boliday restricted volumes, and the Straits Times industrial index shed 10.61 to close at 1,023.10. Turnover of 14m shares was a bit better than Friday's.

Distillers bid battle keeps Dublin frothy

Kieran Cooke looks at the source of optimism in one of this year's best performers

There is no shortage of optimism in the Dublin stockmarket these days.

Laying the foundation stone on a new financial services centre last week Mr Charles Haughey, the Irish Prime Minister, talked of the Irish economic recovery and described the new I£250m (£214m) centre, to which it is hoped to attract soms of the world's leading financial houses, as one of the most significant developments in Duhlin since the city's Georgian expansion in the 18th century.

Duhlin stocks are up 46 per cent on the year, according to the Davy's index which closed yesterday at the 805-mark. The Dublin Stock Exchange continues to outperform other European markets and, while there is still heavy reliance on the performance of New York and London, the local market does seem to bave achieved a momentum of its own.

Takeover speculation has had much to do with the sustained recovery from the low of last October, when Dublin share prices fell by 44 per cent. The market has since bounced back at a rate surpassing fellow markets in London and New York, stopping briefly for breath in the summer months when holiday trading took its toll.

The prolonged and heated battle for the Irish Distillers Group, the world's sole manufacturer of Irish whiskey, has brought a great deal of cash and activity to the market.

The outcome of the battle for control of IDG – a battle now taking place between Pernod, the French drinks group, and Grand Metropolitan of the UK – would seem to depend on an Irish Court decision due late next week on whether or not a key IDG shareholder, FII Fyffes, pledged its shares to the Frencb group.

IDG shares have risen from about I£1.85 at the start of the year to a recent high of I£5.25, almost trebled in value. IDG represents 5 per cent of the Dublin combined index weight.

Other takeover speculation has centred on the Waterford Glass Group towards which the cash-rich Fitzwilton investment company – headed by Mr Tony O'Reilly, chief executive of Heinz – has long been making predatory noises. However, there is serious concern about Waterford's performance, with recent interim profits of I£2.5m well down on projections.

The Dublin market has traditionally been dominated by six companies led by Jefferson Smurfit, the mainly US-based paper and packaging group. Smurfit accounts for 16.8 per cent of index weight and the market is expected to receive a further boost today when the group announces half-year figures on target for its full-year profits forecast of I£230m.

Other smaller companies' stocks have emerged as strong performers during the year and there are indications that the market is becoming more broadly-based. Fast expanding food groups have performed well and have ambitious expansion plans, particularly Karry, Avonmore and Food Industries – with the latter controlled by Goodman International, Europe's largest meat processing company.

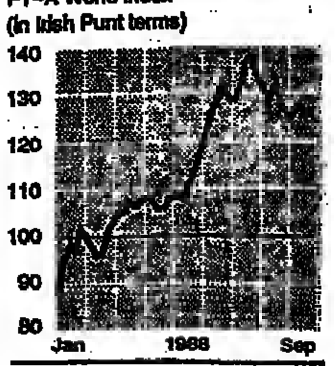
Plenty of cash seems to be available in the market: the continuation of tight fiscal policies has substantially reduced the Government's borrowing requirement this year. Reforms in the tax collection system have produced an unexpected windfall and further improved the Government's funding position.

Buoyed by the general air of confidance, funds have been flowing in from overseas. Some brokers are now warning that Irish stocks are becoming over-priced and counsel caution in what has always been a volatile market. There is also concern about just how broadly-based and sustainable is the much trumpeted recovery in the Irish economy.

Again, Ireland remains very dependent on developments in the UK and USA.

Ireland

FT-A World Index (in Irish Punt terms)



EUROPE

Corporate results underpin optimistic Paris

A DEARTH of fresh news left European markets with little to go on and most ended mixed, with volumes returning to low levels, *writes Our Markets Staff.*

PARIS was underpinned by good corporata results and share prices closed higher, although turnover was weak compared with recent sessions.

The CAC General index climbed to a high for the year, up 4.6 at 375.3. The OMF 50 index ended the session with a gain of 4.65, up 1.2 per cent, at 381.24.

The market was optimistic, but there was no single reason for its rise, apart from the fact that there were few sellers about, one salesman said.

Car components maker Valeo was the flavour of the day after its release on Friday of better-than-expected interim profits. With abont 110,000 shares traded, it ranked among the most active stocks, climbing FFr9 to FFr599.

Materials gronp Lafarge, which is expected to release improved results this week, put on FFr35 to FFr1,441.

FRANKFURT gained ground in subdued trading, with turnover falling to DM1.96bn worth of shares. There was little inspiring news and much of the activity was again accounted for hy domestic investors.

The FAZ index climbed 2.04 to 517.55 and the DAX real-time index added 4.45 to 1,257.03.

Statements on currency stability from the Group of Seven meeting in West Berlin benefited the dollar and were thus good news for hard currency markets such as Frankfurt, said one analyst.

Siemens, which confirmed reports that it planned to cut 1,100 jobs, pnt on DM2 to DM470.50.

Banks resumed their upward climb, with Deutsche Bank up DM2.50 at DM517, Dresdner 70 pfg higher at DM287.70 and Commerzbank 30 pfg stronger at DM246.80.

Chemicals were also strong. BASF found DM2.10 to 275.60, Bayer firmed DM1 to DM305 and Hoechst added DM1.10 to DM297.10.

Metals group Preussag, which is giving a presentation on Thursday, rose DM2.50 to DM181. Car maker Daimler firmed DM3 to DM709 and Volkswagen gained 50 pfg to DM269. BMW meanwhile eased DM1.50 to DM509.

BRUSSELS ended lower in moderate trading as investors awaited news from yesterday's shareholders meeting at energy and engineering holding group Tractebel. The forward market index, which rose to a year's high last week on sustained demand for Tractebel and oil group Petrofina, lost 34.55 to 5,386.91.

Tractebel saw 6,000 shares change hands and rose BFr30 to BFr8,030, forecasting after the market closed that annual profits would be higher than last year. The group did not refer at the meeting to recent sharp flnctuations in the share price, the result of unidentified buying.

Petrofina, in which Tractebel has a 10 per cent stake, lost BFr100 to BFr13,900, with 11,000 shares dealt.

Steelmaker Cockerill was strong, with 22,000 shares traded. It rose BFr5 to BFr307.

MILAN moved a tonch higher in quiet trading and by the close the Comit index was just 0.99 higher at 537.47. Investors are waiting for the result of this week's parliamentary vote on the abolition or reform of the secret ballot system.

If the coalition wins the vote, then the crucial draft 1989 budget – which will attempt to limit next year's deficit to L115,000hn – should he approved, say London analysts, giving tha market a much-needed chance to rally.

Among the blue-chips Banco di Roma lost L220 to L7,650 after denying that it was negotiating the transfer of a stake in its capital to Commerzbank of West Germany. Generali improved L250 to L40,300 and then fell back L200 in unofficial late trading, while Olivetti eased L180 to L9,720 before today's interim figures.

ZURICH was boosted by the firm dollar and Wall Street's gains on Friday as share prices improved across the board in dull trading.

Insurance group Winterthur rose SFr75 to SFr5,700 after revealing it had lifted its stake in fellow insurer Neuchâtel to 54 per cent.

Chemical stocks performed particularly well, with Hoffmann-La Roche baby certificates up SFr250 at SFr12,850, and Ciba-Geigy bearers SFr30 better at SFr3,320.

MADRID was unaffected by Friday's one percentage point rise in the intervention rate, which the market had effectively discounted.

By tbe close the general index was just 0.2 points lower at 273.32. Uncertainty over the result of the US presidential election, however, continues to dampen sentiment.

In the short-term Barclays de Zoete Wedd, the London securities bouse, advises cantion about the Spanish market because of low volumes, rising inflation and the weak peseta. Analysts at hrokers Dillon, Read are taking a slightly more hullish line, predicting that the market should bounce back strongly in October and November once this month's improvements in domestic demand have filtered through.

AMSTERDAM lacked impetus in light trading as the CBS all-share index improved just 0.6 points to 97.4.

The market is reported to be unsettled by uncertainty surrounding the US presidential election, the IMF/World Bank meeting in West Berlin, and the policies Opec might introduce to tackle the falling oil price and persistent crude oil surpluses.

On the positive side, investors have been cheered by the easing of the US trade deficit, better news abont domestic inflation levels, and the latest encouraging forecasts for the Dutch economy, say dealers.

Blua chips were mainly firmer, with Royal Dutch Petroleum improving 50 cents to Fl 223 and publisher Elsevier Fl 1 better at Fl 61.80. Computer firm Tulip advanced Fl 2.30 to Fl 64.

STOCKHOLM saw quieter trading after Friday's excitement over the Skandia bid for the remaining shares in Skandia International.

London stock market, Page 42

SOUTH AFRICA

GOLD stocks closed slightly firmer in thin but stable trading in Johannesburg. On a bright note, the adverse affect of falling bullion prices was seen still to be counteracted by the weak rand.

Among leading stocks, Vaal Reefs gained R7 to R245, Harties improved 50 cents to R20, while Randfontein slipped R6 to R228.

In tha mining sector, De Beers was 50 cents better at R42, Rustenberg Platinum R1 higher at R34, and Vansa Vanadium 65 cents to the good at R5.45. Industrials ended the day a touch easier.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY SEPTEMBER 23 1988					THURSDAY SEPTEMBER 22 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (85)	139.49	+0.9	123.73	118.01	4.07	138.26	122.93	117.34	152.31	91.16	175.32
Austria (16)	87.52	+0.2	77.63	85.31	2.45	87.38	77.69	85.35	98.18	83.72	100.75
Belgium (63)	120.37	−1.3	106.77	118.15	4.27	121.97	108.44	119.86	139.89	99.14	127.84
Canada (125)	118.35	+0.2	104.97	104.64	3.25	118.09	104.99	104.24	128.91	107.06	136.83
Denmark (39)	130.12	+0.5	115.42	127.34	2.35	129.48	115.12	126.97	132.72	111.42	116.66
Finland (26)	115.66	−0.2	102.59	107.73	1.63	115.95	103.09	107.95	139.53	106.78	–
France (128)	96.28	−0.1	85.40	96.47	3.36	96.40	85.71	96.70	99.62	72.77	111.74
West Germany (100)	79.14	+0.2	70.20	77.15	2.40	78.99	70.23	77.16	80.79	67.78	100.60
Hong Kong (46)	100.35	+0.0	89.00	100.64	4.85	100.30	89.18	100.59	111.86	84.90	153.08
Ireland (18)	129.07	−0.1	114.48	127.14	3.90	129.15	114.83	127.53	144.25	104.60	145.97
Italy (100)	72.30	+1.3	64.13	75.59	2.66	71.38	63.46	74.73	81.74	62.99	91.53
Japan (456)	156.89	+0.1	139.16	133.34	0.55	156.71	139.34	133.34	177.27	133.61	143.58
Malaysia (36)	135.96	−0.6	120.60	139.63	2.86	136.81	121.63	140.60	154.17	107.83	173.70
Mexico (13)	158.08	+1.6	140.21	394.76	1.38	155.53	138.28	388.39	180.07	90.07	379.89
Netherland (38)	101.39	−0.4	89.93	97.82	4.98	101.82	90.53	98.45	110.66	95.23	123.44
New Zealand (20)	70.89	+0.4	62.88	61.15	6.20	70.61	62.78	61.00	84.05	64.42	133.54
Norway (25)	112.36	+0.1	99.66	105.54	2.84	112.28	99.83	105.65	132.23	98.55	179.10
Singapore (26)	118.09	−1.4	104.74	111.02	2.47	119.79	106.51	112.59	135.89	97.99	162.00
South Africa (60)	102.47	+2.0	90.89	89.60	4.79	100.46	89.32	87.84	139.07	98.26	186.84
Spain (43)	135.58	−0.3	120.26	127.93	3.54	135.96	120.88	128.70	164.47	130.73	160.38
Sweden (35)	120.92	+0.4	107.25	115.41	2.47	120.44	107.08	115.09	125.50	96.92	130.29
Switzerland (55)	77.29	+1.0	68.55	75.94	2.23	76.51	68.03	75.28	86.75	74.13	108.13
United Kingdom (322)	124.62	+0.4	110.54	110.54	4.73	124.09	110.33	110.33	141.18	120.66	157.70
USA (580)	110.37	+0.2	97.90	110.37	3.62	110.12	97.91	110.12	112.47	99.19	130.69
Europe (1008)	103.22	+0.3	91.56	96.90	3.83	102.94	91.52	96.84	110.82	97.01	128.12
Pacific Basin (669)	153.92	+0.1	136.52	131.35	0.77	153.72	136.67	131.33	172.26	130.81	145.01
Euro-Pacific (1677)	133.66	+0.2	118.55	117.55	1.73	133.42	118.63	117.51	147.53	120.36	138.31
North America (705)	110.78	+0.2	98.26	110.03	3.59	110.53	98.28	109.78	113.29	99.78	131.01
Europe Ex. UK (685)	89.79	+0.2	79.65	88.58	3.10	89.66	79.72	88.60	92.99	80.27	109.75
Pacific Ex. Japan (213)	118.14	+0.5	104.79	106.53	4.31	117.61	104.57	106.25	128.27	87.51	162.73
World Ex. US (1875)	132.84	+0.2	117.83	116.95	1.80	132.58	117.88	116.88	146.49	120.26	138.93
World Ex. UK (2133)	124.02	+0.2	110.01	115.08	2.17	123.80	110.07	114.96	131.77	111.77	133.55
World Ex. So. Af. (2395)	124.19	+0.2	110.16	114.81	2.39	123.95	110.21	114.69	132.39	113.26	135.36
World Ex. Japan (1999)	108.36	+0.3	96.12	105.28	3.72	108.07	96.09	105.08	112.43	100.00	131.95
The World Index (2455)	124.06	+0.2	110.04	114.64	2.40	123.81	110.08	114.51	132.38	113.37	135.69

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Latest prices were unavailable for this edition.